



City of Arcadia California

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2018

**CITY OF ARCADIA
ARCADIA, CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:

ADMINISTRATIVE SERVICES DEPARTMENT

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December 26, 2018

To the Honorable Mayor, Members of the Governing Council and Citizens of the City of Arcadia:

The Comprehensive Annual Financial Report (CAFR) of the City of Arcadia for the fiscal year ended June 30, 2018, is hereby submitted as mandated by applicable statutes. These statutes require that the City of Arcadia annually issue a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibilities for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The information in this report is intended to present the reader with a comprehensive view of the City's financial position and the results of its operations for the fiscal year ending June 30, 2018, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the City's financial activities.

Moss, Levy & Hartzheim LLP, Certified Public Accountants, have issued an unmodified opinion on the City of Arcadia financial statements for the fiscal year ended June 30, 2018. The independent auditor concluded, based upon the audit that the City of Arcadia's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The auditor's report is presented as the first component of the financial section of this report. Generally Accepted Accounting Principles (GAAP) in the United States of America also require that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of Management's discussion and analysis (MD&A). This information can be found following the independent auditor's report.

PROFILE OF THE GOVERNMENT

The City of Arcadia, incorporated in 1903, is located approximately 20 miles northeast of downtown Los Angeles in the San Gabriel Valley, at the base of the San Gabriel Mountains. It is the site of the Santa Anita Park Racetrack and home to the Los Angeles County Arboretum and Botanic Garden. Arcadia is known as the "Community of Homes" with over 57,700 residents. The City is a charter city with council/manager form of government. The City is governed by a City Council of five members elected at-large, who selects the City Manager. The City provides a full range of services, including Police and Fire protection, Administrative Services, Public Works, Development Services, Recreation and Community Services, and Library and Museum Services. The City also operates and maintains its own water utility and offers a transit program that provides fixed route and door-to-door transportation services for residents.

LOCAL ECONOMY

The City of Arcadia has a thriving and successful regional shopping center in Westfield Santa Anita, and a diverse local economy with a mix of commercial, retail, office, service, and industrial uses. There is also the world-famous Santa Anita Park Racetrack, a flourishing medical office sector in close proximity to Methodist Hospital, and a Gold Line Light Rail that goes eastbound as far as the City of Azusa and west to Downtown Los Angeles where other light rail lines and subway connections can be catch to traverse throughout Metropolitan Los Angeles. Due to the diversified economy within Arcadia, the City's revenue base consists of property tax, sales tax, hotel tax, utility user tax, and various user fees that have placed the City in a fortunate position to continue its high service levels throughout the fiscal year. The City's sales tax revenue base is comprised of these major industry groups: General Consumer Goods (40.1%), Restaurant and Hotels (21.4%), State & County Pool (12.6%), Autos and Transportation (6.5%), Fuel and Service Stations (8.5%), Food and Drugs (5.9%), Business and Industry (3.8%), and Building and Construction (1.1%). Over the years, Arcadia has established itself to be a self-sustaining and well-diversified economy. This diversity has created

a well-balanced labor pool to support the retail, health care, hospitality, and service based industries located within the community.

For Fiscal Year 2017-18, Arcadia was one of the two cities, with a population under 68,000 that received the Eddy Awards for the Most Business-Friendly City by the Los Angeles County Economic Development Corporation (LAEDC). The award encapsulates the “See Arcadia. Above & Beyond” business friendly mission. A marketing campaign to brand the City’s nimble and dedicated staff, a vibrant local economy, and a business friendly approach committed to going above and beyond one’s expectations. City highlights include Santa Anita Park, Westfield Santa Anita mall, a resurgent historic downtown district, and world-renowned Asian cuisine. Arcadia’s high quality of life, great schools, and cultural amenities continue to attract new residents and visitor, and a new business-friendly zoning code adopted in 2106. Since then, the City continues its focus on finding creative solutions for new businesses, providing resources and assistance to existing businesses, and fostering a business-friendly environment throughout the City.

Arcadia continues to benefit from the steady economic improvements taking place statewide. A blend of steady growth in the labor market, a relatively low interest rates environment, and controlled inflation have stimulated household spending and encouraged business investment. The combinations of these market forces have continued to improve the City’s overall tax base. Although the activities of the City’s residential construction has slowed down, the commercial and mixed-used developments continued to be strong. The following projects currently under development are expected to enhance the City’s tax revenue base:

- **Le Meridien Hotel / Commercial / Residential Development:** A \$300 million development on a 6.5 acre site at 130 W. Huntington Drive. Phase 1 of the project is a 155,000 square-foot, 227 room Le Meridien by Marriott hotel with bar and full restaurant services. Groundbreaking for phase 1 of the project commenced in summer of 2018. Phase 2 of the project will consist of a 175,000 square-foot mixed-use commercial-residential project with 96 residential units. The project is scheduled to complete in 2021.
- **57 Wheeler Ave Mixed-Use Project:** The City’s 1st transit-oriented mixed-use development at 57 Wheeler Ave is finishing construction and scheduled to open mid-2019. Project consists of 38 residential units over 16,000 square-feet of commercial space all located less than 500 feet from the Arcadia Metro Gold Line Station.
- **Pacific Plaza Arcadia:** Mixed-use development with 37 residential units over 19,000 sf of ground floor commercial space at 56 E. Duarte Road is finishing construction and anticipated to open in early 2019.
- **Baldwin Plaza Shopping Center Expansion and Remodel:** The shopping center at 1130 S. Baldwin Ave & 657 W. Duarte Rd is finishing an extensive remodel plus new 3,900 square-foot addition. Anticipated to be completed in early 2019.
- **Olson Company Project:** Entitlements have been approved to redevelop a 4 acre site consisting of a now closed shopping center at 17 Las Tunas Drive into 80 townhomes and 8,500 square-feet of new commercial space. Construction is anticipated to begin in early 2019.
- **Wheeler/Huntington Drive:** Proposed mixed-use project on 2.0 acre site with approximately 15,000 sf of retail/restaurant space and 150 residential units.
- **Michillinda/Sunset (618 Michillinda Ave):** It is an 8-acre commercial property. Proposed adaptive re-use of 270,000 sf former corporate headquarters building into ground floor retail and restaurant and office space on the upper floors. Phase 2 of the project is proposed construction of approximately 300 residential units.
- **Baldwin Bowling Alley (1020 S. Baldwin Ave):** Proposed mixed-use project on a 1.7 acre site of a former bowling alley consisting of 40 residential units and approximately 30,000-50,000 sf of commercial.

Revenues based on the City's property value, including property tax and motor vehicle license fees, continues to grow, with the collection of Sales Tax and Utility User Tax increasing slightly after several years of continued upward growth. The continuing water conservation efforts and decrease of electricity and telecommunication rates have caused the reduction in Utility User Tax. A shift in consumer behavior to on-line purchases seemingly caused a reduction of sales tax revenue. On-line purchases are grouped into the "County Pool" for redistribution to cities in the "pool". Unfortunately, Arcadia only receives .74% as oppose to the full 1% of sales tax that would normally come the City for purchases made in the City.

FISCAL YEAR 2017-18 ACTUALS

For the fiscal year ending June 30, 2018, the General Fund Group, including the internal service funds, resulted in a small operating deficit of \$59,750. Total revenues was at \$59.6 million, which increased by \$0.5 million, or 0.9%, in comparison to the prior fiscal year. When comparing actuals to budget, total actuals came in very close to the adopted budget with a nominal variance of \$7,225. Among major tax categories, Property Tax had a growth of \$0.9 million, Sales Tax revenue was approximately \$0.4 million lower, Franchise Tax declined by \$0.02 million, Transient Occupancy Tax declined by \$0.2 million, and Utility User Tax increased by \$0.08 million, when compared to the prior fiscal year. The largest reduction of revenue, \$1.4 million, came from the License and Permits category. The reduction was caused by the considerable reduction of residential development activities in comparison to the previous years. All the other revenue categories had increases: intergovernmental revenue increased by \$0.4 million mainly from Motor Vehicle License Fees, a fee that is tied to property assessment values. When property valuation increases or decreases, this revenue's growth follows; the gain of \$0.8 million on Charges for services was mainly due to the additional strike team reimbursement from the State for mutual-aid assistance with wildfires and other natural disaster incidents.

General Fund Group expenditures total was \$59.0 million. It is \$1.4 million or 2.5% more compared to the prior fiscal year, but \$3.9 million lower in comparison to the adopted budget. The increase over the prior year was primarily due to higher personnel costs resulted from expected increases as agreed to by the employment agreements and higher contributions required by CalPERS, the City's retirement system administrator. The favorable budget variance could be attributed to the underspending in these three categories: \$0.8 million in personnel costs, \$1.4 million for operating expenses, and \$1.7 million in the equipment replacement budget. Personnel savings was due to higher than expected employee vacancies. Key operating budget savings came from contracts services, plan check fees and legal fees. As for savings in the equipment replacement budget, most of that budget resulted from unfinished projects, which will be carried over to the following fiscal year. For the departmental budget comparisons, most City departments ended the fiscal year with a positive budget variance except for Fire Department and General City Services. Fire Department's overspending was mainly due to additional overtime cost relating to mutual-aid in response to wildfires and other natural disasters. Other area of note were the unexpected property damage cost and more than estimated vacation pay-out to those who retired from the City during the fiscal year.

More details on the financials of General Fund and other City Funds are available in the Management's Discussion and Analysis (MD&A).

FISCAL YEAR 2018-19 BUDGET

The adopted Fiscal Year 2018-19 General Fund Operating Budget includes total revenue of \$64.4 million and total expenditures of \$67.5 million, inclusive of transfers to capital funds. As adopted, the forecast for the ending fiscal year is a net deficit of \$3.1 million. Though the City has a practice of adopting a balance budget, this year's deficit was adopted with intention of representing the necessary revenue streams needed to transfer and replenish funds to Capital Improvement and Equipment Replacement Funds. Over the years, these capital funds have slowly reduced their fund balances as dedicated revenues have fallen and in the case of the Equipment Replacement, there isn't a revenue source other than the General Fund. Those transfers have always relied on the General Fund to operate with a surplus at the end of each fiscal year. The structural imbalance is projected to increase to approximately \$8.0 million per year by Fiscal Year 2024-25 unless significant reductions in services are enacted and/or new ongoing revenue streams are identified.

Total revenues are expected to increase 3.4% compared to FY 2017-18 year ending estimates. The largest revenue source to the City's General Fund is from Taxes. The key revenues under this group are: Property Tax, Sales Tax, Transient Occupancy Tax, Utility Users' Tax, and Motor Vehicle License Fees. Their projected receipts are shown in the table below.

Description	FY2017-18 YE Estimates	FY2018-19 Budget	Difference	% Change
Property Tax	\$ 15,030,200	\$ 15,706,000	\$ 676,400	4.5%
Sales Tax	\$ 11,271,400	\$ 11,553,100	\$ 281,700	2.5%
Transient Occupancy Tax	\$ 3,289,500	\$ 3,190,800	\$ (98,700)	-3.0%
Utility Users' Tax	\$ 6,895,400	\$ 6,998,800	\$ 103,400	1.5%
Motor Vehicle License Fees	\$ 6,906,100	\$ 7,182,300	\$ 276,200	4.0%

Property Tax: The City expects to continue to benefit from rising real estate prices and a redevelopment trend in both residential and commercial properties. Although home sales and housing activities may have leveled off in comparison to recent years, home sales continue to reflect higher price points and various online real estate sites forecast growth for the Los Angeles area to range from 3% to 5%. Arcadia is expected to be within or greater than the forecasted range based on the City's historical valuation trend when compared with Los Angeles. The City expects to see a continued growth in property tax receipts in the range of 4.5%, or nearly \$676,400, for FY 2018-19.

Sales Tax: Sales tax revenue is expected to see a 2.5% increase over the prior year. The auto and transportation industry is expected to be flat as built up demands after the Great Recession have been met. Other industry groups are projected for growth between 2.0% to 3.8%. The strongest area is the Restaurants and Hotels industry, which correlates to the low unemployment and higher consumer confidence and spending. Of interest is the projected 7.8% growth in the State and County Pools category. These are sales tax revenues on purchases made out of the State or online at outlets such as Amazon or major telecom sites. Although seen as a positive growth, this shift to online purchasing is a concern because the share of sales taxes received through the pool is significantly smaller than the full 1% rate that the City receives if purchases were made in the City.

Transient Occupancy Tax (TOT): This tax category is expected to decline in comparison to the prior year. In general, tax from this category has not shown the benefit from an improving labor market (low unemployment rate). While business and vacation travel are expected to be up regionally, locally things have stagnated. This is largely due to a number of factors locally. The largest being that the Santa Anita Inn is no longer operating as it has been sold for a new hotel/commercial/residential development. Once operational, the new hotel is projected to provide a substantial increase to TOT revenues; however, the new development will not likely open until the latter half of FY 19-20. The projection for FY 2018-19 is \$3.2 million, a 3.0% decrease over the previous fiscal year, which also showed a decrease.

Utility Users' Tax: Utility Users' Tax (UUT) is projected to have a slight increase of 1.5% when compared to the FY 2017-18 Year Ending Estimate. While water conservation is expected to continue, water rates will increase as a result of imported water costs rising and the need to add treatment to City wells. In addition, rates for statewide electricity & gas utilities are also projected to grow by approximately 2.0%. A continued reduction in the telephone UUT is predicted as landline telephone use continues to drop and cellular companies provide lower cost options for consumers. Overall, the FY 2018-19 projected UUT is approximately \$7.0 million, 1.5% greater than FY 2017-18.

Motor Vehicle License Fees (VLF): This tax is projected to increase by 4.0%, to \$7.2 million. Revenues from this line item are largely tied to annual property assessed valuation. Because of this, the City has benefitted from many years of generous growth and will continue to do so in the next fiscal year.

Other major revenue categories such as Franchise Tax and Licenses and Permits are projected to have little change compared to FY 2017-18. One noted exception is Building and Plan Check fees, which are expected to return toward their "normal" levels at around \$1.4 million. All other revenue categories for the General Fund are expected to have modest growth for the coming fiscal year.

Total operating expenditures are expected to grow 3.6%. The Operating Expenditure budget continues to maintain the same high level of services with no material increases beyond those described in the New Programs section below. Where possible, line items have been reduced to reflect efficiencies that have been implemented over time and to remove any potential for waste.

The most significant increases relate to the labor agreement contracts (salaries & medical benefits) and the continuing rise of pension costs in order to make retirement funding more sustainable. In February 2018, the City successfully negotiated a two-year labor agreement with all five-employee associations. The City and associations agreed to a two-year term that provided for a 2.0% cost of living adjustment each year and a one-time \$100 increase to the current monthly medical allowance.

While some new services have been added to meet community demands and some natural inflationary increases have been included – mostly due to increases in labor cost and rising healthcare costs for private businesses that contract with the City – the majority of the increases are negligible and have no material effects to the overall operating expenditures.

More details on the City's budget are available on the City's website.

Beyond FY 2018-19

Recent policy changes at the state level have created increasing fiscal stress on cities throughout the state, and Arcadia is not immune to these effects. It is no secret that the California Public Employees' Retirement System (PERS) is the single biggest cost driver in municipal finance today. Unfortunately, through no fault of its own—and like other cities in California—the City of Arcadia is facing a fiscal emergency. Although the local, state, and national economies remain strong, Arcadia is at a crossroads and urgent action is needed to maintain local public safety and quality of life services. Rising costs of services are threatening to crowd out resources available for vital City services like police, fire, street maintenance, parks, and the library.

The adopted Fiscal Year 2018-19 General Fund Operating Budget shows a deficit of \$3.1 million. This is based on total sources (revenues) of \$64.4 million against total uses (expenditures and transfers) of \$67.5 million to support City operations. The structural imbalance is projected to increase to approximately \$8.0 million per year by Fiscal Year 2024-25 unless significant reductions in services are enacted and/or new ongoing revenue streams are identified.

In keeping with Arcadia's strong tradition of careful spending and responsible stewardship of taxpayer dollars, since 1998, the City has reduced its operating costs by \$3.4 million and implemented pension and benefit reforms in 2011, one of the first cities in California to do so. In addition to these efforts, the City has taken steps to control costs, including annual budgetary adjustments, rigorous competitive bidding practices, and efficiencies through innovation over time. While costs are projected to rise over the next several years, it is important to note that the City continues to operate with staffing levels well below pre-recession levels while still maintaining the same level and quality of service to its residents. Even with these practical and ongoing approaches to effective municipal management, the City's long-range financial forecast is concerning.

Even though the City has remained fiscally accountable while providing important community services, due to recent policy changes from the California Public Employees' Retirement System (PERS) the City is facing financial uncertainty due to increasing fiscal stress. Despite the major reforms put in place by the City in 2011 and then by state in 2013, in December 2016, the PERS Board of Administration approved lowering the pension fund's discount rate assumption, reducing the expected long-term rate of return from 7.5% to 7.0%, which will increase employer contributions to the fund.

Lowering the discount rate means pension plans will see increases in both the normal costs (the costs of pension benefits accruing in one year for active members) and the accrued liabilities. This reduction in assumed earning rates puts significant upward pressure on employer contributions to make retirement funding more sustainable. Similarly, PERS has modified actuarial assumptions to encapsulate longer life expectancies, which also leads to increased costs to employers. PERS is also requiring cities to begin paying down their respective unfunded liabilities, which was exacerbated by not only the policy changes previously mentioned, but also by enhanced benefits, social engineered investment strategies, the great recession, and poor market performance and returns. As a result, retirement costs are

expected to continue increasing substantially for the next few years and then stay at those heightened levels for a generation before finally returning to more sustainable levels. In sum, these policy changes along with having sufficient resources to fund the City's ongoing capital improvement and equipment replacement needs have created an \$8.0 million annual operating deficit for the foreseeable future.

Understanding the magnitude of the impact on service delivery potential for the community, at the December 5, 2017, City Council meeting, the City Council requested that the City Manager bring forward a discussion item to create an independent Ad Hoc Citizens' Committee to review and make recommendations regarding the City's long-term financial outlook. Information was provided to the City Council at the February 6, 2018, City Council meeting, and following discussion the City Manager was directed to prepare a Resolution establishing a second Citizen's Financial Advisory Committee to review the City's long-range financial forecast and provide recommendations to the City Council for cost containment and/or revenue enhancement strategies. Due to the specialized nature of this Committee, all five members have relevant backgrounds in finance. The Committee held its first meeting on July 24, 2018.

The Citizen's Financial Advisory Committee adopted the following as its four guiding principles at its meeting on August 15, 2018:

1. The Committee will provide recommendations that are realistic, practical, and smart.
2. The Committee believes that service levels for the City of Arcadia should be maintained.
3. The Committee will explore service delivery alternatives that maintain quality but also ensure long-term fiscal solvency.
4. The Committee will explore revenue enhancements that are sustainable, viable, and effective with minimal impact to Arcadia residents.

The Committee made its final findings and recommendations at the November 7, 2018 meeting. During its deliberations, the Committee discussed a wide range of topics, including policy options, revenue enhancements, and service delivery alternatives that aligned with City Council goals and the Committee's adopted guiding principles, most notably that service levels should be maintained, and if additional revenues are sought that non-residents should be assessed first. The Committee's consensus was also to provide the City Council with both short-term and long-term recommendations. The short-term recommendations are items that the Committee believes require immediate City Council action, while the long-term recommendations are policy options for the City Council to consider should additional revenue enhancements and/or service delivery alternatives be necessary to balance the City's budget.

Recommendation # 1 – Maintain Current Service Levels & Continue to Explore Efficiencies (Potential Savings: Unknown)

Over several meetings, the Committee reviewed City programs and services, cost drivers, and the performance impacts to essential City services if additional funding was not identified to maintain current service levels. The Committee finds that a 12.5% service reduction in the General Fund is not in the best interest of the community. The Committee further finds that prioritizing public safety services at the expense of other important City programs may have detrimental effect to the quality of life the community currently enjoys. Therefore, the Committee recommends that current service levels be maintained. The Committee also recommends that where sufficient and appropriate, the City look for ways to be more efficient and effective in its service delivery model, by either employing new technologies or outsourcing services that provide the same level and quality of service to the community.

Recommendation # 2 – Sales Tax Measure (Revenue: \$8.6 million)

At the September 27, 2018 meeting, the Committee adopted a preliminary finding and recommendation urging the City Council to declare a fiscal emergency and begin preparing for a ballot measure to raise the City's sales tax. The Committee placed an item on the October 16, 2018 City Council Meeting Agenda communicating the Committee's preliminary finding declaring the City to be under a state of fiscal emergency and to place a ¾ cent sales tax measure on the ballot as quickly as possible but preferably no later than June 2019.

The Committee is concerned that expenditure reductions and service delivery alternatives to reduce costs would not be sufficient to address the structural imbalance in the City's long-term financial forecast. Further, the Committee believes that current service levels should be maintained. A voter-approved increase to the City's local sales tax would not only generate sufficient revenue to cover the City's structural imbalance in the General

Fund but visitors to Arcadia would pay the vast majority of this revenue, ensuring out of town residents pay their fair share. The Committee is additionally concerned that the County of Los Angeles or other taxing agency would place a competing sales tax measure on the ballot at a future election that would undermine the City's local control of this important source of revenue.

Recommendation # 3 – PERS Unfunded Liability Repayment Study & Continued Citizen Oversight (Potential Savings: Unknown)

On November 7, 2018, the Committee received a presentation from PERS regarding the City's unfunded actuarial accrued liability (UAAL). Along with recent PERS board decisions to lower the pension fund's discount rate from 7.5% to 7.0%, the UAAL represents the most significant financial challenge to the City's long-term financial stability. Recent policy changes to financial modeling and accounting methods at PERS have created opportunities for cities to better understand the cost drivers that are affecting rising pension liabilities. For the first time, cities are able to see which plans, actuarial changes, and policy alternatives are driving costs. This has created opportunities for cities to pay down or refinance the most expensive portions of the City's pension plans. The Committee strongly recommends that the City Council use whatever additional proceeds it has available now or in the future to address the various recommendations outlined in this Report, with keen focus toward paying down the unfunded pension liabilities as quickly as possible.

The Committee also received a presentation from a financial advisory firm that outlined several repayment and refinancing strategies that could potentially generate millions of dollars in pension cost savings over a 25-year period. The Committee finds that there are opportunities to effectively manage the pension bubble while ensuring long-term financial stability; however, more research and analysis is required before the Committee can reach a final conclusion. Therefore, the Committee recommends that the City Council, without delay, direct the City Manager to retain the services of a financial advisory services firm to study the efficacy of repaying or refinancing some or all of the City's unfunded actuarial accrued liability.

Recommendation # 4 – User Fee Study and Cost Recovery Level Policy (Revenue: \$250,000 - \$500,000)

As part of its thorough review of the City's finances, the Committee discussed the City's user fees and how best to align the City's costs for services with City Council goals and equity considerations. After carefully reviewing the City's current user fee schedule, the Committee recommends that the City retain the services of a consultant to prepare a detailed cost analysis of the City's productive hourly rates and user fees. The objective is to ensure that the City is fully accounting for all of its costs and recovering adequate revenues to reimburse the City for its expenses. Depending upon the consultant's findings and policy guidelines adopted by the City Council, it is estimated that adjusting the City's user fees, charging fees for all practical services, and adjusting fees on an annual basis would generate approximately \$250,000 - \$500,000 annually in additional revenue to the City.

Recommendation # 5 – Classic Employee PERS Cost Share Rate Adjustment (Savings: \$386,000)

The Committee finds that controlling the City's long-term pension costs is vital to ensuring the long-term financial stability of the City. While the City of Arcadia has taken great strides in its pension reform efforts, the Committee finds that additional cost savings could be realized by increasing the sworn public safety employee's share of the PERS contribution from 9% to 12%. This change would only affect City employees that are in the "Classic" plan, which includes all public safety employees hired before 2011. The "Classic" Miscellaneous employees are currently contributing the maximum employee contribution rate of 8%. The Committee recognizes that this item is subject to bargaining and is not an item that the City Council can legislate; however, the Committee is recommending that the City Council authorize the City Manager to request this concession during the next period of labor negotiations. It is estimated that that this policy change would save the City approximately \$386,000 in costs. It should be noted; however, that as City employees in the "Classic" plan retire and new employees are hired under the current PEPR plan that these returns will diminish over time. Conversely, those new PEPR employees would be under a lower pension benefit plan with less financial impact in the long-term. Nevertheless, there is an immediate and real cost savings to the City by recommending this cost sharing adjustment.

Recommendation # 6 – Overnight Parking Permit Fees (Revenue: \$124,000)

In addition to taking a comprehensive look at the City's user fees, the Committee recommends that immediate action be taken to adjust the City's overnight parking fees and to charge for the Vacant Home Registry program.

The current fee for overnight parking is \$84 and approximately 4,860 permits are sold annually. Staff is in the process of reviewing what other cities charge for overnight parking, but if the fee was raised to \$110 it would generate an additional \$124,000 annually in overnight parking permit fees.

Recommendation # 7 – Vacant Home Registry Fees (One-Time Revenue: \$53,500, Ongoing Revenue: \$10,700)

In addition to overnight parking, the Committee recommends that the City charge a fee for the Vacant Home Registry program. Currently, no fee is charged; however, staff reviewed the costs associated with administering the program and is recommending a one-time fee of \$500 per home, with an annual maintenance fee of \$100 per year as long as the home remains unoccupied. If all homes were assessed at the rates described, it would generate \$53,500 in one-time revenue with an additional \$10,700 in annual revenue.

Recommendation # 8 – City Pool Vehicles and Replacement Cycle Mileage (One-Time Savings: \$98,400, Ongoing Savings: \$9,000)

As part of the Committee's review of service delivery alternatives and cost saving measures, the Committee requested information regarding utilization of City pool vehicles, replacement cycles, and the possibility of leasing fleet vehicles and outsourcing fleet maintenance. After careful review and analysis of the City's fleet and maintenance costs, the Committee recommends that two City pool vehicles be retired at the end of their useful life and not be replaced. This will generate a one-time cost savings of \$98,400 in the equipment replacement fund. In addition, the Committee is recommending increasing the vehicle replacement cycle mileage for passenger vehicles from 100,000 miles to 150,000 miles. This will have two effects: 1. It will slow the burn rate in the equipment replacement fund which will help the funds long-term sustainability, and 2. It will save approximately \$9,000 in acquisition costs when additional maintenance for increased lifespan is accounted for.

Recommendation # 9 – Investment Policy Review (Revenue: \$25,000 - \$40,000)

The Committee recognizes that like virtually all public agencies, the City's ability to invest its reserves in interest bearing accounts and instruments is highly regulated by state law. In addition to state guidelines, the City has its own Investment Policy to ensure the safety of public funds while seeking maximum yield and preserving liquidity. The Committee finds that the City's investment strategy is in compliance with all applicable state laws and, in some instances, goes further in its policy prescriptions than is reasonably necessary. With the era of low interest rates seemingly at an end, the Committee recommends that the City take advantage of higher yielding investments that are allowed under state law, but are not currently authorized under the City's current Investment Policy. While it is difficult to predict market performance, it is estimated that additional higher yielding instruments could generate an additional \$25,000 - \$40,000 in revenue.

Recommendation # 10 – Maintain Utility Users Tax Rate (Revenue: No Change)

Since 1978, the City of Arcadia has collected a Utility Users Tax (UUT) at a rate that was significantly lower than the amount authorized in the City's Municipal Code. In response to changes in technology, in June 2009, nearly 77% of Arcadia residents approved Measure A, an initiative sponsored by the City to broaden the types of services and technologies that are covered by the UUT, but without changing the tax rates on residents that were established in the 1980s. In 2013, the City Council, by Resolution, approved an increase to the UUT from 5% to 7% on water, gas, and electric bills which generated an additional \$2 million per year to help address shortfalls in the City's Capital Improvement and Equipment Replacement funds. In June 2016, Arcadia residents overwhelmingly rejected an initiative, 64% to 36%, to repeal the City's UUT which helped support the City's essential service needs. The Committee finds that the UUT is a necessary and vital source of revenue to the City. Therefore, the Committee recommends no changes to UUT rates for the foreseeable future, but would support lowering the UUT once the City's fiscal challenges have been sufficiently addressed and if adequate surplus revenue is available to compensate for the UUTs decline.

Contingency Recommendations:

In addition to its findings and recommendations to address the City's current fiscal challenges, the Committee took a longer view at the City's financial forecast to develop additional revenue enhancements and service delivery alternatives should future challenges arise. Below are a series of contingency recommendations for the City Council to consider as possible alternatives if necessary.

Recommendation # 11 – Additional Revenue Enhancements (Revenue: \$1.05 million)

The Committee finds that there are additional revenue enhancement opportunities for the City Council to consider in addition to increasing the sales tax. These include Property Transfer Tax, Transient Occupancy Tax, and Franchise Fee adjustments. All told, these additional revenue enhancements have the potential of increasing revenue to the City by a minimum of \$1.05 million per year.

Property Transfer Tax – The Property Transfer Tax is a charge that is levied on every property transfer that occurs. The general rule is that the seller, those leaving the City, is responsible for paying the tax but this is subject to negotiation between the buyer and seller. The City and County currently assesses a combined rate of \$1.10 per \$1,000 of the sale value of the property. This amount is shared equally between both jurisdictions (\$0.55 per \$1,000). Arcadia has one of the lowest rates in Los Angeles County. With support from the County, other cities have raised their rates ranging from \$2.20 to \$4.50 per \$1,000. Some Bay Area cities have gone even further, raising their rates to \$12.00 to \$15.00 per \$1,000. An updated County rate of \$1.10 per \$1,000, the maximum allowed, is then added on to these figures. The Committee finds that Arcadia is still a low property taxing community. The Committee further finds that the Property Transfer Tax is a revenue source that could be adjusted without placing the City at a competitive disadvantage to other neighboring communities. The Committee, therefore, recommends that the City Council consider raising the Property Transfer Tax should the need for additional revenue arise. It is estimated that for each additional dollar added to the rate, \$505,000 in revenue will be generated.

Transient Occupancy Tax – The Transient Occupancy Tax (TOT), also known as the hotel tax, is collected by hotel operators from each guest. The City's current TOT rate is 10% which is on the lower end of the TOT rates in surrounding cities. Some neighboring communities have rates as high as 15% and these rates increase closer to downtown Los Angeles and beachside communities. Because this rate is paid by visitors to the City, the Committee finds that raising the rate would have no direct impact on Arcadia residents. Every 1% increase to the TOT would generate an additional \$320,000 in revenue. The Committee recommends an adjustment of at least 2%, generating \$640,000 in additional revenue.

Franchise Fees – Charter cities like Arcadia have authority to impose additional franchise fees by City Council resolution or ordinance. Charter cities are not preempted by provisions of the public utilities code in granting and charging franchise fees to utilities (except for telephone and cable). The City currently assesses a 2% franchise fee on electricity and gas utilities, raising \$450,000 annually in franchise fee revenue. For each additional 1% increase in rates, \$225,000 in revenue could be added under the existing franchise agreement. There are additional franchise agreements that the City could enter in to, such as waste hauling, however it should be noted that franchise fees are generally passed on to the consumer, either directly or indirectly, through higher rates for services. The Committee recommends exploring increasing the current franchise fee, in addition to evaluating the increase in revenue generated by a waste hauling franchise fee.

Recommendation # 12 – Street Sweeping Service Adjustments (Savings: \$181,300)

The Committee reviewed service delivery alternatives for every City department. The Public Works Services department is responsible for providing street sweeping services in the City. Currently, the City provides street sweeping services on a weekly basis. The Committee finds that while weekly street sweeping services are a preferred service level, however, there are possible alternative schedules that will reduce costs and still provide sufficiently clean streets and gutters. The Committee, therefore, recommends this proposed service level adjustment that would save approximately \$181,300 in annual costs. It should be noted that changes to the street sweeping service may likely cause more trash, debris, and pollutants to accumulate in City streets and storm drains.

Recommendation # 13 – Gilb Museum Fundraising Model (Potential Savings/Revenue: \$250,000)

The City of Arcadia is one of only a handful of communities its size that operates a full-service museum. While the Gilb Family and the Friends of the Museum do support the museum in many significant ways, the cost to operate the facility is supported by the City's General Fund. The Committee finds that the Gilb Museum of Arcadia Heritage is a treasured community asset and should be preserved, but there are alternative operating models that should be considered to fund and/or operate the museum. The Committee recommends that the City explore alternative models to fund museum operations, and pursue more aggressive fundraising

opportunities. In addition, the Committee recommends that alternative operating models be explored, including privatizing operations or using a community volunteer model.

Recommendation # 14 – Par 3 Golf Course Alternative Use (Potential Revenue: Unknown)

The Arcadia Par 3 Golf Course is owned by the City of Arcadia and leased to a third party vendor for operations and maintenance of the facility. The golf course is approximately 26 acres and is open for business 12 hours per day nearly 360 days per year, yet the City only receives approximately \$150,000 per year in rent from the operator. The Committee finds that while the Par 3 Golf Course is a sufficient use of the facility, there is potentially more profit maximizing uses for the site. The Committee recognizes that the City Council has just entered into a new lease for the facility; however, the Committee recommends that the City study alternative uses for the site that may include residential, commercial, mixed-use, or other recreational amenities that provided either a greater community benefit and/or revenue to the City.

Recommendation # 15 – Community Facilities District Impact Fees (Potential Revenue: Unknown)

The Mello-Roos Community Facilities Act of 1982 permits any county, city, special district, school district or joint powers of authority to establish a Community Facilities District (CFD), which allows for the financing of public services and facilities. The services and improvements that CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. Establishing a CFD would allow the City to issue bonds to finance infrastructure improvements or capital acquisitions. The debt service on the bonds would be paid by a special assessment on the properties within the district. The Committee finds CFD financing to be an appropriate mechanism to offset the cost of increasing capital costs and infrastructure improvements for new projects; however, its application would likely be limited to developments in Downtown Arcadia or at Santa Anita Park. Therefore, the Committee recommends that the City Council consider the use of Community Facilities Districts as a funding mechanism for infrastructure improvements and capital costs where appropriate.

The Committee has concluded that more locally-controlled revenue is needed to address the City's budgetary shortfall as budget cuts to public safety, infrastructure improvements, road maintenance, and other necessary services would erode the quality of life that makes Arcadia a "Community of Homes." After careful review of all viable revenue enhancement options, the Committee ultimately decided to recommend increasing the City's sales tax rate by $\frac{3}{4}$ of one cent. A voter-approved increase to the City's local sales tax would not only generate sufficient revenue to cover the City's structural imbalance in the General Fund but visitors to our community would pay the vast majority of this revenue, ensuring out of town residents pay their fair share. All of this revenue would be locally controlled and none of it could be taken by Sacramento, which is a significant benefit to the community.

DEBT ADMINISTRATION

As of June 30, 2018, the City has outstanding balance of \$6,592,972 for the Series 2011 General Obligation Bonds and \$5,174,457 for the Series 2012 General Obligation Bonds. Those 2011 Bond proceeds were used to finance the costs of constructing a grade separation at the intersection of Santa Anita Avenue and the proposed Foothill extension of the Metropolitan Transit Authority Gold Line. The 2012 issuance was to refinance the 2001 General Obligation Bonds; which proceeds were used to fund the construction of the Police Station.

The City's General Obligation Bonds are rated as "AAA" while affirming the stable outlook by Standard and Poor's since 2016, which is the highest credit rating only given to organizations with outstanding economic outlook.

INTERNAL CONTROL

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The internal control structure is designed to protect the City's assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BUDGETARY CONTROL

The City's ordinance requires the adoption of a budget for the following fiscal year before July 1st every year. The City's Management presents a two-year operating budget and five-year Capital Improvement and Equipment Plan annually.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City's budgetary control is maintained at the individual departmental level and any change in the adopted appropriations, by department, requires approval from the City Manager and/or City Council. The City maintains an encumbrance accounting system. Encumbrances and appropriation for unfinished capital projects are generally re-appropriated as part of the following year's budget.

MAJOR ACCOMPLISHMENTS

Substantial progress was made during the past fiscal year toward responding to priorities previously identified by the City Council and staff. Accomplishments by departments include:

General Government

- Completed the contract negotiation with the City's employee groups to extend the Memorandum of Understanding (MOU) for two more years expiring on June 20, 2020;
- Oversee the completion of the Classification and Compensation Study and audit the City classification specifications as result of the study;
- Transferred the City's depository bank accounts from Bank of the West to Wells Fargo Bank, and implemented various functions that enhanced the effectiveness of the City's deposit and disbursement processes, including payee positive pay validation and E-Box for water payments made through individual bank accounts.

Police Services

- Increased participation in the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT), a multi-jurisdictional taskforce, to increase proficiency in investigating major crimes related to drug trafficking, gang enforcement, money laundering, and covert operation information development amongst others;
- Increased traffic education, engineering, and DUI/drug enforcement efforts through grant funding awarded by the Office of Traffic and Safety;
- Expanded the crime prevention and community outreach efforts of the Community Affairs Office, which facilitated stronger relationships with the community and increased collaboration with key civic groups and businesses;
- Further developed the Area Command Program to help reduce crime in the City and increase community engagement. This partnership has enhanced the Department's ability to develop strategies and direct proper resources to both reduce crime, and solve unique community problems;
- Increased the number of Automated License Plate Reader (ALPR) cameras through a strategic build-out plan to combat criminal activity, enhance productivity, and improve officer safety through an increased collection of vehicle license plate information;
- Expanded the Department's GPS Tracking Device Program to increase misdemeanor and felony arrests of suspects committing criminal activities, such as package thefts and commercial burglaries in various regions of the City;
- With the continued support of the Arcadia Police Foundation, expanded the K-9 Program to include a second K9, which further supports daily law enforcement operations and enhances the effectiveness of patrol duties such as handler protection, searching techniques, article searches, and narcotics detection; ultimately increasing officer safety, apprehension of suspects, and safety for the community; and
- Established a partnership with Ring LLC to provide residents with discounted security devices to further protect their safety and property, and increase civic engagement through a Ring community event where residents learned about the benefits of home security and neighborhood watch.

Fire Services

- Pursued enhancement of service delivery model for paramedic service by training and upgrading a current Firefighter position to a Firefighter/Paramedic position;
- Procured an additional hybrid electric vehicle for the Fire Prevention Bureau;
- Updated the Paramedic Membership Program (PMP) brochure for residents & increased the PMP outreach through participation at various City events such as Concerts in the Park, Senior Health Fair, and several senior events in the community;
- Enhanced the capability of the department's emergency mass notification system services;
- Deployed 17 strike team incidents throughout California including to some of the most severe wildfire emergency disasters including Napa, the Thomas Fire in Ventura County, and the search and rescue operations in Montecito from the massive mudslide disaster;
- Received the "*2017 Mission Lifeline, Gold*" award from the American Heart Association for the Arcadia Fire Department's vital role in providing timely treatment for ST Elevation Myocardial Infarction (STEMI) patients, and its successful collaboration with other pre-hospital providers specific to STEMI cardiac patient care. The award highlights and reinforces the City's continued excellence in providing stellar emergency ambulance services and transportation to the community;
- In collaboration with the Los Angeles Area Fire Chiefs Regional Training Group, on February 2018, hosted a three-day training on fire ground mayday operations to all its Area-C Battalion Chiefs;
- Assisted the Arcadia Unified School District with their EOC drill operations;
- From October 14-16, 2017, the Arcadia Fire Department hosted the "Tainan City Bureau" visit, which comprised of about 10 Fire Chiefs, Fire Captains, and Firefighters from the city of Tainan in China to learn about the department's fire ground survival skills;
- Converted all the department's brush hose packs to "smokey packs" on each of its engines, which allowed a more efficient way of deploying a hose for extinguishing fires.

Public Work Services

- Renovated center medians by removing grass and installing drought tolerant plants, mulch, decomposed granite, rock features, and drip irrigation;
- Replaced a damaged 30-inch gate valve on Santa Anita Avenue between Duarte Road and Orange Grove Avenue with a new 30-inch butterfly valve;
- Completed Phase 3 of the Huntington Drive Sewer Capacity Improvement Project, which consisted of replacing an existing 8-inch sewer pipe along Huntington Drive and Campus Drive between La Cadena Avenue with a 10-inch sewer pipe to alleviate the potential of a sewer back up and overflow;
- Replaced existing Baldwin Booster Pump that was installed in 1951 and installed a new backup booster pump. The motor control center was also replaced;
- Installed new technology isolation transformers on 63 6.6 street lights which converted the streetlights to modern 120-volt electricity and allowed the installation of LED lamps.

Development Services

- Completed repaving and resurfacing of major arterial in Second Avenue. Second Avenue is a major north-south thoroughfare through Arcadia that carries a great deal of traffic. Designed and planned additional major street improvement projects.
- Completed tenancy of the Arcadia Logistics Center. This development is on a reclaimed quarry site and signals a major land use success story. The repurposed site now includes over 1 million square feet of industrial and logistics uses, including a Fed Ex Distribution facility and three other excellent industrial/tech tenants;
- Installed numerous cameras and Intelligent Transportation Systems equipment to improve traffic flow at key intersections citywide;
- Won the Los Angeles Economic Development Commission's Most Business Friendly City in Los Angeles award;
- Modified and evolved the City's transit system through establishment of fixed routes through Arcadia;
- Cooperate with Santa Anita Race Track on major new events such as the 626 Night Market, and other large-scale attractions to bring activity and vitality to the Race Track when horses are not running;

- Enforced and managed regulations related to quality of life issues such as unoccupied homes, short term rentals, and cannabis sales, growing and distribution;
- Completed entitlements on major Mixed-Use project in Downtown Arcadia, including a 227 room Le Meridien Hotel and 96 residential units;
- Completed entitlements on a major mixed-use project in south Arcadia at the key intersection of Las Tunas and Santa Anita, comprised of 80 residential units and 8,500 square feet of commercial area;
- Sold the last Redevelopment Agency property and are now working through entitlements to repurpose this building. As part of this effort, dissolved the City's Oversight Board to the Former Arcadia Redevelopment Agency;
- Completed needed Americans with Disabilities upgrades at City facilities;
- Implemented major software upgrade to establish permit tracking software.

Recreation and Community Services

- Completed the Recreation and Parks Master Plan for the department. The document will help guide the department over the next 20 years with a framework for funding and park designs;
- Completed Phase I & II of the drought tolerant landscaping project at the Community Center campus;
- Added Movies in the Park program to the summer line-up along with our Summer Concerts in the Park programs on Thursday nights;
- Upgraded Community Center and Recreation counter tops;
- Received the Congressional Award of Excellence for the Senior Meals Program.

Library and Museum Services

- Implemented phase two of the space utilization plan of action to address requests from the community for more seating and upgraded technology in the Library; this included adding 40 additional seats with device charging stations in the Silent Room.
- Upgraded the Library Technology Center: creating a state of the art computer learning lab with an additional 20 seats;
- Chrome bases and iMacs installed for the public; offering Chromebook loans to the public;
- Offered new self-service for holds;
- Replaced and upgraded all public computers in the Library Technology Center from XP to Windows 7 and Windows 10 software.
- Replaced the public Windows 2003 server with a new Windows 2012 server;
- Installed Credit card machines on the public print stations that provide a credit card option for prints and copies.
- Added a new 3D public printing program and service;
- Added Novelist Plus that includes nonfiction, fiction and children's reader's advisory; Expanded TumbleBooks for classroom access;
- Began a new Passport service for the public;
- Applied for and received various California State Library grants to enhance Library services, including a Virtual Reality headset and computer station, 3D printer, Digilab Scanner, Enki eBook lending platform, Community Conversation on Arts & Culture, StoryCenter, and bilingual books.
- New Past Perfect server from the Museum is now backed up at the Library;
- Added YouTube channel and uploaded past history talks;
- Completed preservation housing for the Riyo Sato Collection;
- Added new research to the permanent exhibits including new artifacts and historical research;
- Added new seating, funded by the Gilb Memorial Fund, in the gallery areas of the Museum;
- Added new signage on the Education Center and new street sign;
- Finished the replacement of existing lighting in the Museum with all LED lighting;
- Reviewed and updated the Museum's Audience section of the STePS program Audience in order to move toward accreditation with the American Alliance of Museums.

FUTURE INITIATIVES

The following program Goals have been established for the immediate future to respond to community and organizational needs, which will ensure that Arcadia remains a highly effective and efficient organization for many years.

General Government

- Implement digital time keeping software to replace paper timesheets. Proposed software will link directly with financial software to eliminate staff time on manual entry and reduce data entry errors.
- Replace the City's Utility Billing system with an innovative program that would allow the usage of all up to date technology and enable the residents to pay bills and look up history on-line.
- Work with each Department and bargaining group on updating and simplifying language in the City's Personnel Rules and Regulations.
- Continue to implement the Human Resources Division's Records Retention plan using document imaging computer systems to improve record keeping and information retrieval with respect to various personnel and workers compensation records.
- Research and evaluate the option to implement a citywide Purchasing/Procurement Card Program or PCard, revise the Purchasing Manual accordingly and provide training to city employees.
- Research and evaluate various electronic bid solicitation software and services to expand the City's vendor Review and update the City's current limited purchased order threshold, revise the Purchasing Manual accordingly and provide training to city employees on Purchasing Rules and Regulations.

Police Services

- Continue to build the Department's social media platform in order to increase Department presence, investigative resources, crime awareness, and community engagement;
- Expand the Police Cadet Program to reach full capacity, providing for a greater number of potential police officers for the future, and allowing for diversified learning opportunities within multiple departments;
- Further participation in the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT) – a multi-jurisdictional taskforce by actively participating in the Crime Impact Team/Group 25, which will combat burglary and robbery crimes in Arcadia and surrounding cities;
- Further develop the activities of the Community Relations Liaison for the purpose of expanding the growth and development of the Neighborhood Watch Program and homelessness awareness; and maintain open avenues of discourse between the community and the Department in an ongoing effort to keep abreast of, and sensitive to, contemporary issues in law enforcement and police-community problems;
- With the continued support of the Arcadia Police Foundation, further enhance the K-9 Program to support daily law enforcement operations and enhance the effectiveness of patrol duties such as handler protection, searching techniques, article searches, and narcotics detection; ultimately increasing officer safety, apprehension of suspects, and safety for the community;
- Continue to support the mission and objectives of the Arcadia Police Foundation to address the complexities of policing in the 21st century. The foundation will continue to promote partnerships between APD and the public, mobilize community support, and enhance community understanding of law enforcement initiatives;
- Continue the expansion of the Department's GPS Tracking Device Program to increase misdemeanor and felony arrests of suspects committing criminal activities in various regions of the City;
- Continue the upgrade the Police Dispatch Center's Customer Premise Equipment (CPR) in order to keep abreast with the ever evolving public safety communication system now called New Generation 911 (NG911), which will transform the outdated system into a digital network that is faster, more efficient, more cost-effective, and safer for the public and law enforcement agencies;
- Implement the new Text-to-911 service offering the public the ability to send a text message to reach 911 emergency call takers from a mobile phone or device;
- Continue participation in the West San Gabriel Valley Mental Evaluation Team (WSGMET) and collaboration with the Los Angeles County Department of Mental Health to address and combat mental health incidents, and provide mental health assistance and resources to homeless persons in Arcadia;

- Further expand homelessness outreach efforts through the activities of APD's Homeless Education & Liaison Program (HELP Team), which aims to improve the quality of life in Arcadia by reaching out to the homeless community and providing information, resources, and motivation with the ultimate goal of finding an alternative to life on the streets;
- Implement a Safety and Security Expo in order to provide Arcadia residents and business owners with useful security information, an opportunity to purchase products and services at special prices from local security-related vendors in the areas of home security systems, security cameras, and other home fortification efforts (safes, window laminate, motion triggered lights, etc.), and encourage security system registration with the City amongst new and existing security system owners;
- Implement a Special Enforcement Team (SET) in order to support crime prevention and criminal apprehension along with establishing special task force connections with local and regional groups related to burglaries, gangs, drugs, and organized retail crime;
- Develop and implement bi-annual ADA Telecommunication training to comply with Section 504 of the Rehabilitation Act;
- Conduct two community outreach events in order to enhance civic engagement and public participation amongst the City's Asian-American population; and engage the community as a whole through a new annual Meet Your Area Commander event.

Fire Services

- Continue its enhancement of the City's paramedic service model by upgrading its current Firefighters to become Firefighter/Paramedic;
- Implement regional connectivity with the Verdugo Fire Communications Dispatch Center to new computer-aided dispatch software (CAD) for apparatus and station alerting;
- Upgrade its current portable radios to maintain continuity and consistency, and improve its interoperability communications use for day-to-day and large scale incidents;
- Improve paramedic equipment service by replacing and enhancing the function of nine (9) cardiac defibrillators/monitors to switch from AED (automated external defibrillator) function to a 12-lead electrocardiogram (EKG) function, which would allow for electrical activity reading of one's heart rate and rhythm;
- Explore alternative means of tracking all the Fire Departments' daily vehicle check outs, and convert such process from paper to electronic.

Public Works Services

- Design and reconstruct a section of the Los Angeles County multi-use trail Class 1 Bike Lane and the fencing that separates the City of Arcadia's Par 3 Golf Course from the County's trail utilizing a Regional Park and Open Space Competitive Excess Fund Grant;
- Design and construct the Enhanced Water Management Program (EWMP) stormwater projects with the City of Azusa, Bradbury, Duarte, Monrovia, Sierra Madre, County of Los Angeles, and the Los Angeles County Flood Control District;
- Complete the final phase of the Median Turf Restoration Program and renovate center medians by installing drought tolerant plants, mulch, decomposed granite, drip irrigation, and rock features;
- Update the 2002 Sewer Master Plan to evaluate any deficiencies in the sewer system.

Development Services

- Working on entitlements for three major mixed-use projects, in Downtown Arcadia and West Arcadia. Taken together, these projects could include nearly 500 residential units;
- Complete Downtown Parking Inventory and Management Plan and implement parking management techniques in and around the Gold Line light rail station;
- Complete new hotel project in the Downtown core;
- Continue close work with Downtown Arcadia Improvement Association on downtown developments/beautification and special events;
- Continue to process multi-family projects throughout City;
- Work with Santa Anita Park on a major new project to build hundreds of new barns/stables on their north parking lot;
- Complete project to add new traffic signals at key locations;
- Complete major repaving/rehab project to Huntington Boulevard through Downtown Arcadia;
- Work closely with brokers to lease new commercial spaces in new mixed-use projects and in commercial districts throughout the City;
- Complete code revisions to clarify regulations related to tree protection and cellular facilities.

Recreation and Community Services

- Complete the City's Homelessness Plan. Work with the Community to educate the community about the problems and work with the County of Los Angeles on potential strategies to address the problem;
- Complete the ADA parking lot project at the Community Center. Increase the number of ADA parking spaces and ramped areas;
- Work on Phase III of the Community Center Landscaping Project to replace the materials with drought tolerant materials.

Library and Museum Services Development Services

- Implement new technologies for the public; new Digital Storytime, VR, credit card payment option for self-check machines, online payment of fines and fees through the website;
- New Student Card initiative for middle school students;
- Complete a Marketing and Publicity Strategic Plan;
- Update the Library's Strategic Plan; implement the Harwood strategy;
- Fully implement the Passport Service to realize full cost recovery of the service;
- Implement a Story Center service to engage the community to collect and/or share community stories;
- Maintain and refresh the facility, grounds, and furnishings to ensure an attractive and inviting environment;
- Collaborate with the Friends of the Museum;
- Upgrade the public wireless access points;
- Decommission the Arcadia History Server and host all data off-site in the Cloud; Find new local history software to replace the InMagic software;
- Review and update the Museum's Audience section B of the STePS program to move toward accreditation with the American Alliance of Museums;
- Review and update the Core Documents Verification program to provide confirmation that the Museum has policies and procedures in place that reflect standard practices of professional museums;
- Work to update the Museum's Long Range Plan;
- Add in a digital touchscreen for additional photos and information on Ross Field Arcadia World War I Balloon School artifacts;
- Digitize the Arcadia Veteran's Registry;
- Begin Arcadia immigrant experience project.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arcadia for its comprehensive annual financial report for the fiscal year ended June 30, 2017. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's Comprehensive Annual Financial Report was prepared through the combined efforts of City staff. Special recognition is due to the Financial Services Division staff for their effort to ensure timely and accurate reporting. We would also like to thank the City Council for their continued support and interest in planning and conducting their financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



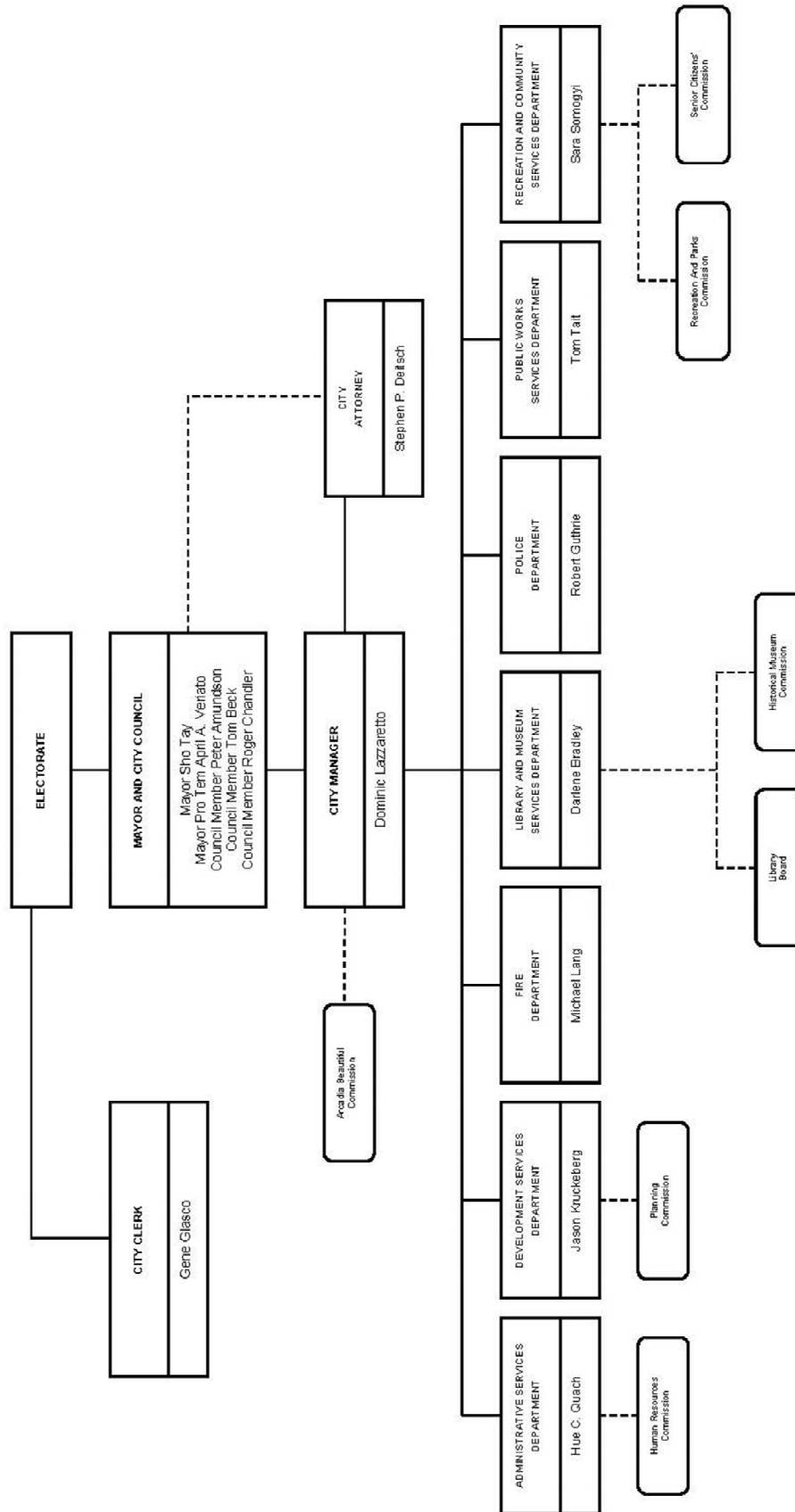
Hue C. Quach
Administrative Services Director



P. Shannon Huang, CPA
Financial Services Manager/City Treasurer

City of Arcadia

Organization Chart





CITY OF ARCADIA

Elected Positions and Administration Personnel

June 30, 2018

CITY COUNCIL MEMBERS

		<u>Term Expires</u>
Sho Tay	Mayor	2022
April A Verlato	Mayor Pro-Tempore	2020
Peter Amundson	Council Member	2020
Tom Beck	Council Member	2022
Roger Chandler	Council Member	2022

CITY CLERK

	<u>Term Expires</u>
Gene Glasco	2020

ADMINISTRATIVE PERSONNEL CITY OFFICIALS

Dominic Lazzaretto	City Manager
Stephen Deitsch	City Attorney
Jason Kruckeberg	Assistant City Manager/Development Services Director
Darlene Bradley	Library and Museum Services Director
Robert Guthrie	Police Chief
Michael Lang	Fire Chief
Hue C. Quach	Administrative Services Director
Sara Somogyi	Recreation and Community Services Director
Tom Tait	Public Works Services Director



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Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO



MOSS, LEVY & HARTZHEIM LLP

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PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Arcadia
Arcadia, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Arcadia, California (the "City") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the basic financial statement, effective July 1, 2017, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Budgetary Comparison Schedules of the General and Major Special Revenue Funds, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions on pages 5 through 27 and 95 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules, and Statistical Section listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules, listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory and Statistical Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 26, 2018

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City of Arcadia

Management's Discussion and Analysis

June 30, 2018

As management of the City of Arcadia (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred outflow and inflow of resources, with the net difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but unused vacation leave).

The *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general fund, debt service, capital projects, and special revenue funds. The City's business-type activities include water utility, sewer maintenance, and transit operations.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental Funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The City maintains three major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Parks and Recreation Fund and Capital Outlay Fund. Data from the twenty-three other governmental funds are combined into one single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* later in this report.

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

Proprietary Funds. The City maintains only one category of a *proprietary fund*, the enterprise funds. As indicated earlier, these funds include the water utility, sewer maintenance, and transit system funds.

Fiduciary Funds. The City maintains an Agency fund to account for assets held by the City as agent for individuals, private organizations, or other governmental units, and/or other funds, in addition to the successor agency private-purpose trust fund created on February 1, 2012 to account for the transferred assets and liabilities from the former Arcadia Redevelopment Agency.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 54 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary comparison schedules for the General Fund and each major special revenue fund and schedules of progress in funding its obligation to provide pensions and other postemployment benefits to its employees. Required supplementary information can be found starting on page 95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. The combining statements and schedules can be found beginning on page 109 of this report. The following analysis of the Government-Wide financial statements includes a comparison between current and prior years' year-end balances and operations.

Governmental Activities

The Statement of Net Position may serve, over time, as a useful indicator of a government's financial position. Total Net Position of the City's Governmental Activities shows a deficit of \$23.1 million for the fiscal year ending June 30, 2018, a decrease of \$24.3 million due to the unfunded accrued liability reporting relating to pensions and postemployment benefits. The implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits (OPEB) other than Pensions, in the fiscal year has resulted in an increase of \$15.0 million in the OPEB liability. GASB Statement No. 75 required a reinstatement of the City's OPEB to its total unfunded accrued liability of \$16.8 million as of June 30, 2017, a \$15 million increase from the prior year balance of \$1.8 million. Additionally, the accrued liability of pension obligation has also increased significantly by \$13.3 million. This is primarily due to the decision of the CalPERS Board to change the expected long-term interest earning rate, also known as the "discount rate" in December 2016. The discount rate will be reduced from 7.5% to 7.0% over a three year period, with the first reduction to 7.375% occurring in Fiscal Year 2018-19 for municipal agencies. The policy change was based on an extensive review by the CalPERS Board on the current funding status of the Fund, projected investment return rates over the next decade, and overview of CalPERS assets and

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

liabilities to ensure the long-term sustainability of its pension fund. The decision has a huge impact to all the public agencies participating in CalPERS pension system as the lowering of the discount rate means employers will see increases in their normal costs and unfunded actuarial liabilities. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost of payroll for most Miscellaneous retirement plans, and a 2 percent to 5 percent increase for most Safety plans. Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the Fund to a fully funded status over the long-term. More information on the pension obligation and postemployment benefits liability are available in Notes 8 and 9 of Notes to the Basic Financial Statements.

The largest portion of the net position is the net investment in capital assets (e.g. land, infrastructure, buildings and equipment, net of accumulated depreciation and related debt) of \$47.7 million. The restricted net position of \$25.0 million represents resources that are subject to external restrictions on how they may be used. The unrestricted fund balance shows a negative \$95.8 million.

City of Arcadia Statement of Net Position
Governmental Activities

Governmental Activities	30-Jun-18	30-Jun-17
Current and other assets	\$71,442,036	\$71,731,795
Capital assets (net of accumulated depreciation)	59,493,339	62,847,982
Total assets	130,935,375	134,579,777
Deferred outflow of resources	30,195,081	30,343,671
Current liabilities	7,789,862	8,071,441
Noncurrent liabilities	173,094,896	145,694,007
Total liabilities	180,884,758	153,765,448
Deferred inflow of resources	3,319,897	9,883,103
Net investment in capital assets	47,725,910	50,448,943
Restricted	25,040,600	23,629,877
Unrestricted	(95,840,709)	(72,803,923)
Total net position	(\$23,074,199)	\$1,274,897

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

City of Arcadia Statement of Activities
Governmental Activities

Governmental Activities	30-Jun-18	30-Jun-17
Program revenues:		
Charges for services	\$9,755,176	\$12,542,345
Operating contributions and grants	5,542,417	4,523,948
Capital contributions and grants	45,850	254,204
General revenues:		
Property taxes	16,965,156	16,150,617
Sales taxes	11,115,292	10,766,558
Franchise fees	982,756	1,000,308
Utilities user taxes	6,856,067	6,773,169
Transient occupancy taxes	3,320,953	3,543,908
Motor vehicle license taxes	6,906,050	6,461,508
Non-regulatory business license taxes	1,248,106	1,270,876
Other taxes	1,621,716	1,647,136
Investment earnings	1,529,734	1,458,553
Miscellaneous	3,535,442	3,020,800
Total revenues	69,424,715	69,413,930
Expenses:		
General government	17,454,570	9,515,214
Public safety	37,298,318	36,377,345
Public works services	9,224,613	7,829,369
Community development	7,527,613	6,542,784
Library	3,982,384	4,000,700
Recreation and community services	3,600,354	3,593,171
Interest on long-term debt	373,622	398,133
Total expenses	79,461,474	68,256,716
Increase (Decrease) in Net Position before Transfers	(10,036,759)	1,157,214
Transfers	(1,006,826)	(1,111,006)
Increase (Decrease) in net position	(11,043,585)	46,208
Net position – Beginning of fiscal year	1,274,897	1,228,689
Prior period adjustment	(13,305,511)	0
Net position – End of fiscal year	(23,074,199)	1,274,897

* Prior period adjustment is required due to the implementation of GASB Statement Nos. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Revenue of Governmental Activities was \$69.4 million for the fiscal year ended June 30, 2018, with only a small difference of \$10,785 in comparison to the prior year. Further analysis on each revenue category is as follows:

- Charges for Services decreased \$2.8 million or 22.2%, compared to the prior year. The decrease is due to the reduction in development activities in the City. Fees relating to licenses and permits for construction projects reduced by \$1.3 million. Transportation Impact fees, imposed mostly on commercial use developments, also dropped by \$1.5 million. Developments in commercial projects were strong and immense in the prior year that included a few mixed-use residential-commercial developments, a logistic distribution center, and the first phase of a Le Meridien Hotel development by the Santa Anita Racetrack. The hotel project is a \$300 million development on a 6.5-acre site. It includes 2 Phases: Phase 1 of the project is a 155,000 square-foot, 227-room hotel with a rooftop pool and bar and full restaurant service; and Phase 2 of the project consists of a 175,000 square-foot mixed-use commercial-residential project with 96 residential units. The project is expected to be completed in 2021.
- Operating Contributions and Grants increased by \$1.0 million or 22.5%, due to new funding sources of Road Maintenance and Rehabilitation Act (RMRA) and Measure M. The City received \$0.3 million of RMRA funding and \$0.6 million of Measure M funding in the fiscal year. RMRA was created by Senate Bill (SB) 1 to address deferred maintenance of the State Highway System and the local street and road system. RMRA funding is apportioned by formula to eligible cities and counties and dedicated for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system. Measure M is a sales tax ballot measure approved by the voters on November 8, 2016. This funding is also dedicated to improving freeway traffic flow, repair local streets, and make the public transportation system more affordable. Funding from Gas Tax and Prop C were also slightly higher due to the continued thriving economy and higher gasoline sales.
- Capital Contribution and Grants decreased by \$0.2 million, primarily due to fewer capital grants received from Los Angeles County Metropolitan Transportation Authority (MTA). There were more project funding in the prior fiscal year, including the Road Capacity Improvement of Huntington Drive, the intersection improvement of Baldwin Avenue and Duarte Road, and the City's traffic signal upgrades.
- Property Tax revenue increased by \$0.8 million or 5.0%, due to the continued growth in property value assessment. Although home sale activities have reduced in comparison to the previous years, property tax revenue growth is attributed to sales and renovations of homes that were no longer assessed under Proposition 13 and reassessed to market value.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

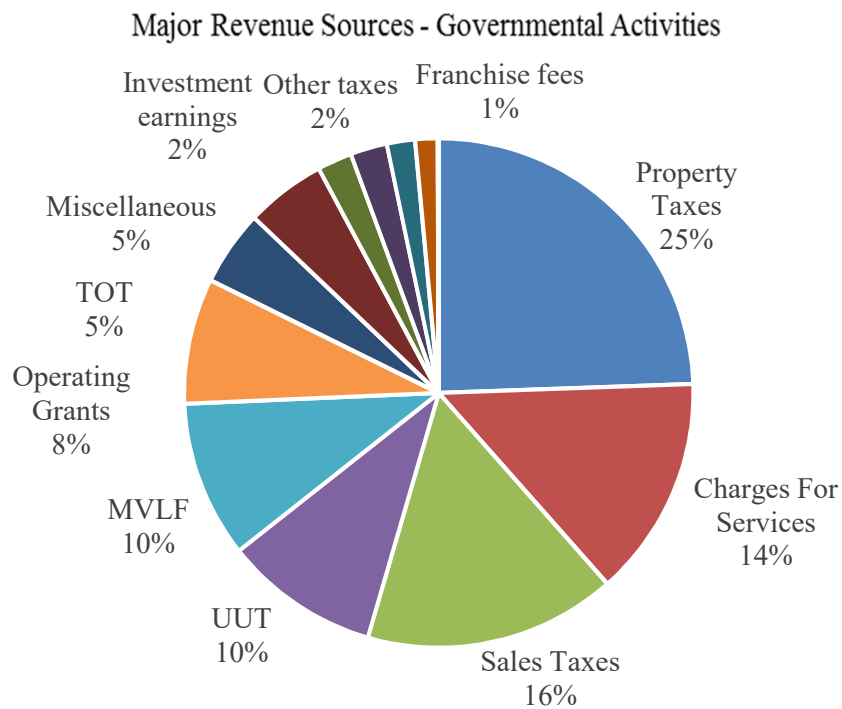
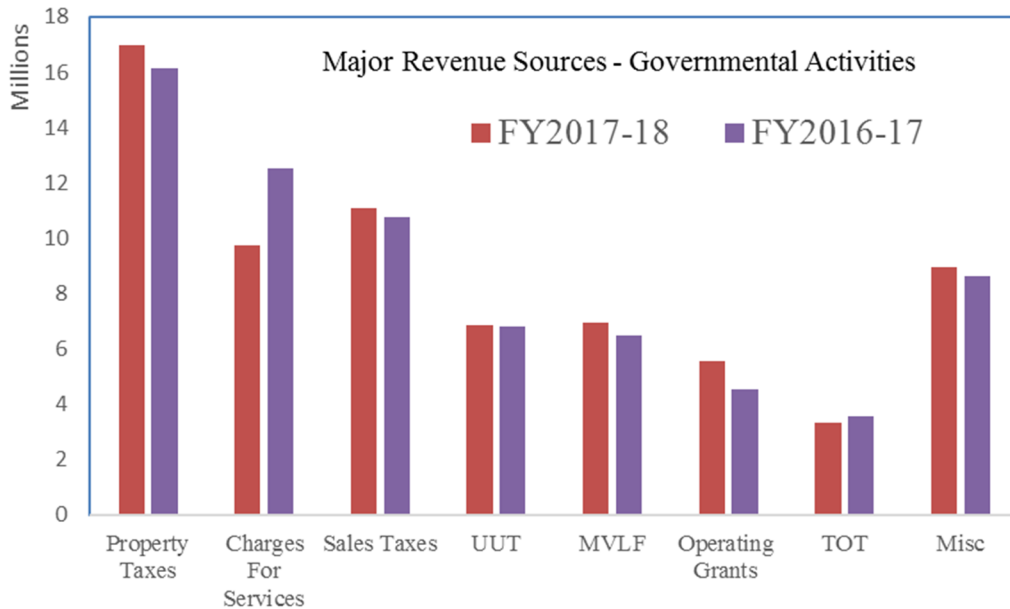
Governmental Activities (Continued)

- Sales Tax increased by \$0.3 million, or 3.2% on an adjusted basis. The increase is slightly below budget forecast, however the result is welcomed despite the uneasiness in consumer confidence and increasing volatility of the stock market that has spooked the concerns for continuing economic growth in 2018. In contrast to the change reported in the Statement of Activities, Sales Tax revenue is reported with a reduction of \$0.4 million in the Government Fund Financial Statements. The difference was due to accrual entries of sales tax revenue not received within the 60 days period after the Fiscal Year 2017-18 ended. The delay was due to a new reporting system implemented by the California Department of Tax and Fee Administration which delayed sales tax distribution of the 2nd calendar quarter of 2018. Roughly \$0.5 million of sales tax revenue were received after the 60 days period and therefore, was excluded from the Government Fund Financial Statements section.
- Franchise fees fell short by 1.8%, due to continuing decline of cable franchise fees remitted to the City. Over the years, technology has evolved and changed the market for users to subscribe to various media and entertainment. Options such as streaming or on demand models allow users to pick and choose programs, thereby paying less versus the old cable model of “a package” subscription.
- Utility User Tax (UUT) increased slightly by 1.2%. The small increase resulted from a combination in increase water UUT but was offset from decreases in other utilities remittances. In water, the increase is due to the upsurge of water usage and rate increase during the year. Water usage has gradually climbed upward after the State lifted the drought emergency declaration in 2017. All other utilities remittances were lowered due to the temperate seasonal weather.
- Transient Occupancy Tax (TOT) decreased by \$0.2 million or 6.3%. As most of the hotels/motels in the City caters to business travels, it is suspected that fewer business travels took place in comparison to the prior year. This may be attributed to technological improvements where technology has made on-line meetings and trainings a viable option, as well as cost cutting, in replacing physical meetings. Additionally, FY 2017-18 did not see the return of Breeders' Cup that took place in Arcadia in 2016 that contributed to the higher revenue in the prior year.
- Motor Vehicle License Fees (MVLFF) increased by \$0.4 million or 6.9%. MVLFF increase was attributable to the legislation passed in fiscal year 2004-05, which tied its growth to the City's annual property tax valuation. The City has benefitted by many years of generous growth in the annual property assess valuation.
- Business License Tax decreased slightly by \$22,770, due to fewer business renewals in the current year.
- Other Taxes category has a slight drop of 1.5%, mostly due to the decrease in Pari-mutuel revenues received from Santa Anita Race Track. Of significance was that the Breeders' Cup did not return to Arcadia in 2017. In 2016, the Breeders' Cup attracted a record two-day crowd of 118,484 spectators and brought in more betting activities which drove up Pari-mutuel revenue.
- Investment Earnings increased by 4.9%, due to rising interest rate market. The rising interest rate correlates to the Federal Reserve's decision of raising the federal funds rate. In 2017, the federal funds rate was raised three times.
- Miscellaneous Revenue increased by \$0.5 million, or 17.0%, mainly due to the increase on administrative and insurance overhead costs allocated to other funds. Due to the growth on General Fund operating expense, the overhead allocation to other City funds has also increased accordingly. In addition, there were more collection of parking citations than the previous year which contributed to this increase.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)



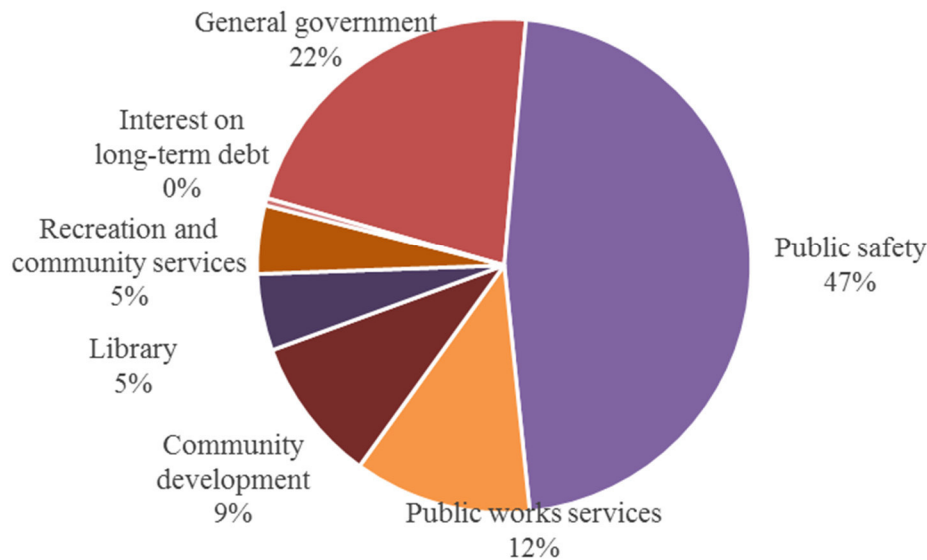
City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Expenses for the fiscal year totaled \$79.4 million, an \$11.2 million or 16.4% increase from the prior fiscal year. Detail analysis on the increase by department is as follows:

Expenditures by Department - Governmental Activities



- General Government costs increased by \$7.9 million, or 83.4%. The significant change is due to the newly financial reporting requirement of GASB No. 75, in reporting accrued unfunded liability for pension and postemployment benefits (retiree medical plan). As covered in the Governmental Activities section earlier, the reduction of CalPERS' discount rate for the calculation of pension obligation and the newly implemented GASB Statement No. 75 that required the recording of entire actuarial accrued liability on postemployment benefits have resulted in approximately \$6 million of increase on employee benefit costs. Current year's operating costs also includes a \$1.4 million recording of property sale loss, for land located at 100 West Huntington Drive, the south west corner of the intersection of Huntington Drive and Santa Clara Street. The land was sold to the adjacent Le Meridien Hotel development with stipulation that the Hotel must invest and make the intersection into an attractive focal point. The usage of the property is restricted to only public art, landscaping and hardscape to beautify the intersection. Additionally, operating expenses in the General Government, including personnel, contracting and election, were also slightly higher than the prior year.
- The cost for Public Safety increased by \$0.9 million, or 2.5%, as the result of the rising personnel cost in salary, overtime and pension benefits. As an example, the Fire department incurred significant cost increase on strike team costs due to the various wildfire occurrences throughout California. During Fiscal Year 2017-18, the City deployed 17 strike team incidents throughout California including to some of the most severe wildfire emergency disasters including Napa, the Thomas Fire in Ventura County, and the search and rescue operations in Montecito from the massive mudslide disaster. Though the response and mutual aid cost are reflected on the expenditure side, those costs are reimbursable by the state departments and recorded in revenues accordingly.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

- Public Works Services costs increased by \$1.4 million, or 17.8%, mainly due to the expansion of the Pavement Rehabilitation Program to more residential streets. The City has a pavement management program that inspects and rates all asphalt streets within the City by Pavement Condition Index (PCI). All the City streets with PCI below 40 are identified as being in poor condition and required rehabilitation. Due to funding availability, arterial streets has been the focus of the rehabilitation program in the past. The new funding sources of Road Maintenance and Rehabilitation Act (RMRA), Measure R and Measure M has made it possible for the City to allocate more funds on the maintenance of residential streets. In this current fiscal year, the City invested approximately \$1.6 million on the rehabilitation projects on Camino Real Avenue, Sixth Avenue, Lemon Avenue, Walnut Ave, Delta Lane, Hampton Road, Fifth Avenue and Camino Grove Avenue.
- Community Development Services incurred an increase of \$1.0 million, or 15.1% in costs. The increase was due to the placement of an underground utility system located adjacent to the newly expanded Mercedes Benz dealership on Santa Anita and Santa Clara. The project was designed and managed by Southern California Edison, and it improved the appearance of the area near the dealership. The dealership and the City shared the project costs by a 25/75 allocation, and the funds advanced by the City will be reimbursed by sales tax revenue as stipulated in an agreement between the City and dealership. The dealership will be responsible for the costs in the event that the additional sales tax revenue does not satisfy the terms of the agreement over the next 10 years.
- Despite the personnel costs increase, Library services had a cost reduction of \$18,316 in comparison of the prior year, due to cost savings in library materials.
- Recreation and Community Services incurred a nominal increase of \$7,183. Increase in personnel costs was offset by savings in contract costs.
- Long-term Debt Service reduced slightly due to the lower outstanding debt balances.

Business-Type Activities

Business-Type Activities have a total net position of \$62.6 million, of which \$44.4 million or 70.9%, of the net position is net investment in capital assets (e.g. water treatment infrastructure, buses, and equipment, net of accumulated depreciation and related debt). These assets are used to provide water, sewer, and transit services to the community; consequently, these assets are not available for future spending. The unrestricted net position totaled \$18.2 million, representing 29.1% of total net position.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-Type Activities (Continued)

City of Arcadia Statement of Net Position
Business-type Activities

Business Activities	30-Jun-18	30-Jun-17
Current and other assets	\$29,456,768	\$28,615,494
Capital assets	44,405,319	46,000,669
Total assets	73,862,087	74,616,163
Deferred outflow of resources	1,913,117	2,202,361
Long-term debt outstanding	9,846,519	8,374,365
Other liabilities	3,087,230	1,574,993
Total liabilities	12,933,749	9,949,358
Deferred inflow of resources	192,798	685,916
Net investment in capital assets	44,405,319	46,000,669
Unrestricted	18,243,338	20,182,581
Total net position	\$62,648,657	\$66,183,250

The net position decreased by \$3.5 million, comprising of \$4.1 million of loss from the Water operation, \$0.6 million of operating surplus for Sewer, and \$0.03 million of operating loss incurred by the Transit. In light of higher grossing water sales revenue, it was insufficient to offset the water operation cost. Just as reported in the Government Activities section, the biggest increase in operating cost is attributable to the accrual unfunded liabilities on pensions and postemployment benefits. Additionally, continued rise in the cost of replenishment water has also contributed to the variance. However, a long range financial plan relating to the Water Enterprise Fund has been put in place to achieve stability. City Staff implemented a rate structure that was effective in January 1, 2016, with the purpose of maintaining long-term financial stability of the City's water operation and ensuring that city residents continue to receive quality water and services. The approved rate structure included annual rate increases to calendar year 2020 which will help mitigate water operating deficits. Other area inclusive of the reduction to Net Position is from the operating loss incurred by the transit operation as a result of the asset depreciation and pension liability accruals.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-Type Activities (Continued)

City of Arcadia Statement of Activities
Business-type Activities

Business Activities	30-Jun-18	30-Jun-17
Program revenues:		
Charges for services	\$15,584,234	13,049,633
Operating contributions and grants	772,915	696,053
General revenues:		
Gain on disposal of assets	13,976	12,751
Investment earnings	150,511	138,679
Total revenues	16,521,636	13,897,116
Expenses:		
Water utility	17,005,371	14,942,992
Sewer maintenance	1,779,385	1,440,677
Transit system	1,823,710	1,935,418
Total expenses	20,608,466	18,319,087
Increase (Decrease) in Net Position before Transfers	(4,086,830)	(4,421,971)
Transfers	1,006,826	1,111,006
Increase (Decrease) in net position	(3,080,004)	(3,310,965)
Net position – Beginning of fiscal year	66,183,250	69,494,215
Prior Period adjustment	(454,589)	-
Net position – End of fiscal year	\$62,648,657	\$66,183,250

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. This section provides an analysis and discussion of individual funds and fund types presented in the fund financial statements.

Governmental Funds

The City's governmental funds reported combined ending fund balances of \$67.7 million vs. \$67.9 million from the prior fiscal year, a decrease of \$0.2 million. Approximately \$7.2 million, or 10.7%, of the combined ending fund balances are categorized as Unassigned Fund Balance. This means that those funds have not been obligated and are available for any purpose. The Restricted Fund Balance of \$25.2 million are funds restricted for special purposes or reserves for the debt services payments of City's General Obligation Bonds. The Assigned Fund Balance of \$34.2 million is a combined balance of these funds: Emergency Reserve, Equipment Replacement, Capital Improvement Projects, Miscellaneous PERS Reserve, and Self-insurance of General Liability and Workers' Compensation. The non-spendable fund balance of \$1 million represents prepaid items and inventory.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Governmental Funds

Analyses on the fluctuations of Governmental Funds are as follows:

- The General Fund's net fund balance decreased by a small amount of \$59,750 to \$31.1 million. Fiscal year ending revenue was at \$59.6 million and expenditures were at \$59.0 million. The operating surplus of \$0.6 million was offset entirely by net fund transfers, which generated the small deficit. The Transfer Out consisted of \$1.4 million transfer to Capital Outlay Funds to replenish and maintain a positive fund balance for future projects and a \$0.7 million transfer to the Lighting District Assessment Fund as the City's share of street lighting expenses. The Transfers In include funds from Gas Tax Fund, Solid Waste Fund, and Traffic Safety Funds for related and qualifying expenses. More analysis on its revenue and expenditures are available in the section of General Fund Financial and Budgetary Highlights.
- Parks and Recreation Fund had a net fund balance of \$10.0 million, including a surplus of \$0.9 million from the current fiscal year. Park Development fees are collected on new residential development projects and those fees are designated for the use of eligible park projects. City Council approved a new Recreation and Parks Master Plan in August 2017, which sets priorities and determines short term and long-term park and facility improvements and space allocation for youth, adult, and senior recreation programs. The high priority items included in the master plan are shade over play structures, perimeter walking trails, synthetic turf fields, pickle ball courts, and other park improvements. This fund will be used for those projects and for upgrading the City's parks and recreation facilities in accordance to the Recreation and Parks Master Plan.
- At the end of the fiscal year, the Capital Outlay Fund had a fund balance of \$11.4 million, a decrease of \$1.5 million from the prior year. As noted earlier, \$1.4 million was transferred from General Fund for the purpose of replenishing and keeping an adequate fund balance for infrastructure improvements. Historically, Pari-mutual revenues received from Santa Anita Race Track provided adequate funding for yearly capital improvement projects. However, this revenue source has been decreasing over the years due to less horse racing interest and the changing format for wagering. The current annual pari-mutual revenue level has not kept up with the demands and cost of capital improvements. Due to the shrinking revenue stream, the annual General Fund operating budget includes a transfer amount and additionally, City Council has authorized transfers of operating surpluses to replenish the Capital Outlay Fund.
- The Non-major Governmental Fund group had an aggregated fund balance of \$14.3 million, an increase of \$0.5 million. COPS, Solid Waste, Prop A, Lighting Assessment District, Prop C, IRS Taskforce, Homeland Security, Beverage Recycling, RMRA, and Measure M funds have all resulted in a surplus. The surpluses in Prop C, RMRA, and Measure M are committed to street and transportation projects in the City's 5-year Capital Plan. Worth noting among these Special Revenue Funds that had a deficit year, Measure R had a deficit of \$0.8 million, due to carry overs from Fiscal Year 2016-17, for the Pavement Rehabilitation Program. The current fiscal year expenditure includes both Fiscal Years 2016-17 and 2017-18 budgeted projects that were completed in the current year. All other funds with decreased fund balances were due to higher spending than the current year allocation.

City of Arcadia
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City of Arcadia
Statements of Revenues, Expenditures, and Changes in Fund Balances
Government Funds

Governmental Funds	30-Jun-18	30-Jun-17
Revenues:		
Taxes	\$40,506,071	\$40,258,016
Licenses and permits	4,833,508	7,583,907
Fines and forfeitures	690,703	634,261
Use of money and property	1,529,733	1,458,553
Intergovernmental	12,530,015	10,782,388
Charges for services	6,088,728	6,140,231
Other revenues	3,525,714	3,062,448
Total revenues	69,704,472	69,919,804
Expenditures:		
Current	67,866,359	64,883,256
Debt services	1,015,274	1,013,076
Total expenditures	68,881,633	65,896,332
Excess (deficiency) of revenues over expenditures	822,839	4,023,472
Other Financing Sources (uses)	(1,006,826)	(1,111,006)
Net change in fund balance	(183,987)	2,912,466
Fund balance – Beginning of fiscal year	67,919,695	65,007,229
Fund balance – End of fiscal year	67,735,708	67,919,695

Revenues of the total Governmental Funds were \$69.7 million with a decrease of \$0.2 million, or 0.3%, from the prior fiscal year. Analysis of Governmental Funds are as follows:

- Taxes increased by \$0.2 million, or 0.6%. This slight increase culminates from the mixed tax receipts as described hereafter. Property Tax continues to be the City's largest tax revenue with an increase of \$0.8 million or 5.1%. The property tax growth is credit to continuing rise of property values and homes sales that are reassessed at market versus being under Prop 13 assessment. Sales Tax has a decrease of \$0.4 million or 3.6%. The decrease is the result of delayed allocation and remittance of the 2nd calendar quarter sales tax to the City by the newly created agency, California Department of Tax and Fee Administration (CDTFA). A software glitch during the transition from the former State Board of Equalization to the CDTFA was the cause. When adjusted to include the delayed allocated amount, the City's sales tax revenue is \$0.3 million more than the prior fiscal year. Transient Occupancy Tax decreased by \$0.2 million in comparison to the previous fiscal year. As most hotels and motels in Arcadia cater to business travelers, it is presumed that in 2018 there were less business travels. Additionally, there was one motel that was not operating as the property was sold for a future development. Franchise fees had a slight decline of \$17,551 due to the reduction of cable subscription. Utility User Tax had an increase of \$82,898 with growth associated to the increase in overall water usage.

City of Arcadia
Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

- Licenses and Permits decreased by \$2.8 million, or 36.3%. Although there are still several mixed use projects currently under development in the City, development in general has significantly reduced in comparison to past years. The decrease make up consisted of \$1.3 million of reduction in permit fees relating to development projects and \$1.5 million of Transportation Impact fees imposed on commercial use developments.
- Fines and Forfeitures increased by \$50,000 due to higher number of parking violations issued.
- Use of Money and Property increased by \$0.07 million, mainly due to the rising interest rate market. The rise in interest rate was a direct effect from the raised Fed Funds Rate that took place 3 times in 2017 and 2 additional times before the fiscal year ending June 30, 2018.
- Intergovernmental Revenue increased by \$1.7 million, or 16.2%. Motor Vehicle License Fees, a fee that is tied to the growth of the City's annual property tax valuation increased by \$0.4 million. There were also several new revenue sources, including \$0.3 million of Road Maintenance and Repair Act (RMRA) and \$0.6 million of Measure M, a gas tax that was approved by the voters on the November 8, 2016 ballot. Both funds and its use are designated for road maintenance, rehabilitation, and critical safety projects on the local streets and roads system. Additionally, the City also received \$0.4 million in capital grants from MTA for Huntington Capacity improvement project and street signal enhancement projects.
- Charges for Services had a nominal decrease of \$50,000 due to lower revenues from the areas of Safety and Recreation services.
- Other Revenues showed \$0.5 million more than the prior year. A large share of this increase was due to higher cost allocation charges to non-general funds. Another area that added to the increase was from parking citation revenue that increased \$50,000 in comparison to the previous year.

The Governmental Funds reported \$68.9 million of expenditures, an increase of \$3.0 million, or 4.5%, from the prior fiscal year. Further analysis on the variance is as follows:

- Personnel costs increased by \$2.5 million, or 5.9%. In addition to salary increases as specified by the employment agreements, higher PERS contribution rates, and more overtime costs by safety staff have also contributed to the increase. Higher PERS contributions are due to CalPERS' policy changes to further secure and ensure appropriate funding level for those administered pension plans. These changes effectively required higher contributions from all participants of those plans, with the employer carrying the greater burden of those contributions. The sizeable increase in overtime cost was in the City's Fire Department. The increase was driven by the Department's assistance, as part of the State's mutual aid program, with the various wildfires that occurred during the fiscal year. These cost are fully reimbursable by the State as part of that mutual aid.

City of Arcadia
Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Governmental Funds (Continued)

- Operating costs are almost flat with a nominal increase of \$30,000 in comparison to the prior fiscal year. Professional Contract Services increased by \$0.25 million. There were a number of new consulting contracts in the fiscal year. One of which included hiring a consulting firm to survey our residence on the satisfaction of the current level of services provided and whether they would support a tax to maintain or increase services. The City also hired a consultant for a 6.6 Series Street Lighting Retrofit Pilot Project that transformed 6.6 series streetlights into a modern parallel circuit at each street light pole. These streetlights were installed more than 50 years ago and are extremely difficult to maintain.
- Capital expenditures increased by \$0.4 million in comparison to the prior fiscal year. Major projects in the fiscal year included the expanded Pavement Rehabilitation Program which utilized new funding from Road Maintenance and Repair Act (RMRA) and Measure R Funds; and the underground utility system located adjacent to the newly expanded Rusnak Mercedes Benz dealership on Santa Anita and Santa Clara.

Proprietary Funds

As noted earlier, total Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Proprietary Funds, assets exceeded liabilities by \$62.6 million and it comprises of \$56.0 million of net position in Water Utility Fund, \$7.0 million of fund surplus in Sewer Maintenance Fund, and a \$0.4 million deficit for the Transit System Fund. As it is the City's policy to always transfer sufficient resources from Prop C and Measure R to fund transit operations, the net position in the Transit System Fund is comprised only of net capital investment and liability balances.

GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS

General Fund is the primary operating fund of the City. The fund balance reported a slight decrease of \$59,750 to \$31.1 million at the fiscal year ending June 30, 2018. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures: unassigned fund balance represents 12.2% of total General Fund expenditures, while total fund balance represents 54.7% of that same amount. The City has implemented an emergency reserve policy to maintain its operating fund balance at 20% of the General Fund expenditures, and it is more than fully funded.

Revenues of the General Fund totaled \$59.6 million for the fiscal year ending June 30, 2018, which is \$0.5 million, or 0.9%, more than the prior fiscal year's revenue total. Key elements of this increase are as follows:

- Tax revenue had an increase of \$0.3 million, mainly due to the increase of property tax revenue. Property Tax continues to be the City's largest tax revenue with an increase of \$0.8 million or 5.1%. The property tax growth is credit to continuing rise of property values and homes sales that are reassessed at market versus being under Prop 13 assessment. Sales Tax had a decrease of \$0.4 million or 3.6%. The decrease is the result of delayed allocation and remittance of the 2nd calendar quarter sales tax to the City by the newly created agency, California Department of Tax and Fee Administration (CDTFA). A software glitch during the transition from the former State Board of Equalization to the CDTFA was the cause. When adjusted to include the delayed allocated amount, the City's sales tax revenue is \$0.3 million more than the prior fiscal year. Transient Occupancy Tax decreased by \$0.2 million in comparison to the previous fiscal year. As most hotels and motels in Arcadia caters to business travelers, it is presumed that in 2018 there were less business travels. Additionally, there was one motel that was not operating as the property was sold for a future development.

City of Arcadia
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GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (Continued)

- Development related licenses and fees were lower than the prior year due to the reduction of development and related construction fees. Particularly, the City's residential construction activities have declined substantially in comparison to previous years.
- The increase on fines and forfeitures were driven by the higher volume of parking citations issued.
- Use of Money and Property increased by \$0.07 million, mainly due to the rising interest rate market. The rise in interest rate was a direct effect from the raised Fed Funds Rate that took place 3 times in 2017 and 2 additional times before the fiscal year ending June 30, 2018.
- Motor vehicle license fees (MVLF) was the main contributor to the increase in intergovernmental revenue as it is tied to the City property assessed value that rose by 6.84% for Fiscal Year 2017-18.
- Charges for services had an increase primarily due to more service charges by Police and Fire, including the Strike Team reimbursement from the State for the mutual-aid responses to wildfires and other natural disaster incidents during the year.
- The increase shown for Other Revenue category was due to higher cost allocation charges to non-general funds for general governmental internal support.

General Fund Revenue	30-Jun-18	30-Jun-17
Taxes	\$37,797,893	\$37,491,396
Licenses and permits	4,636,689	6,030,346
Fines and forfeitures	496,828	434,858
Use of money and property	1,359,379	1,310,176
Intergovernmental	7,084,640	6,673,424
Charges for services	5,038,450	4,276,787
Other revenues	3,152,046	2,825,632
Total revenues	\$59,565,925	\$59,042,619

General Fund expenditures increased by \$1.4 million, or 2.5%, to \$59.0 million. The majority of the increase was in personnel costs. It included salary COLA adjustments in accordance with the City's employment agreements, higher PERS contribution rates, and additional overtime budget and costs in the Fire Department's assistance with the various wildfires and natural disasters during the fiscal year.

City of Arcadia
Management's Discussion and Analysis
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GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (Continued)

City of Arcadia
General Fund Budgetary comparison Schedule

	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES:			
Taxes	\$ 38,703,700	\$ 37,797,893	\$ (905,807)
Licenses and permits	4,210,500	4,636,689	426,189
Fines and forfeitures	575,500	496,828	(78,672)
Use of money and property	1,510,400	1,359,379	(151,021)
Intergovernmental	7,005,500	7,084,640	79,140
Charges for services	4,436,000	5,038,450	602,450
Other revenues	3,117,100	3,152,046	34,946
Total revenues	59,558,700	59,565,925	7,225
EXPENDITURES:			
Current:			
General government:			
City council	233,700	230,385	3,315
City manager	1,101,196	866,465	234,731
City clerk	437,800	411,000	26,800
City attorney	649,300	580,618	68,682
General city	1,773,303	1,946,674	(173,371)
Administrative services	4,819,079	3,609,092	1,209,987
Public safety:			
Police	22,347,560	20,727,096	1,620,464
Fire	14,917,673	15,697,715	(780,042)
Public works services	4,546,371	3,943,572	602,799
Community development	4,866,400	4,069,124	797,276
Library	3,938,775	3,746,990	191,785
Recreation and community services	3,312,544	3,180,516	132,028
Total expenditures	62,943,701	59,009,247	3,934,454
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	(3,385,001)	556,678	3,941,679

The adopted General Fund budget projected revenue of \$59.6 million for the fiscal year ending June 30, 2018. The actual total General Fund revenues were very close to the budget with a favorable variance of \$7,225. Key elements of the budget variance are as follows:

City of Arcadia
Management's Discussion and Analysis
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GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (Continued)

- Tax collection in total was less than budget by \$0.9 million or 2.3%. A more than favorable projected increase of the City's property assessed value has resulted in the \$0.9 million or 5.7% of favorable variance for property tax. Sales Tax had a decrease of \$0.4 million or 3.6%. The decrease is the result of delayed allocation and remittance of the 2nd calendar quarter sales tax to the City by the newly created agency, California Department of Tax and Fee Administration (CDTFA). A software glitch during the transition from the former State Board of Equalization to the CDTFA was the cause. When adjusted to include the delayed allocated amount, the City's sales tax revenue is \$0.3 million more than the prior fiscal year. The reduction of business travel is the cause of the \$0.2 million negative variance on Transient Occupancy Tax. Utility tax revenue is right on the budget with a nominal difference of \$1,933, and Franchise tax collection was lower than the budget by \$74,044.
- License and Permits was \$0.4 million, or 10.1%, more than projection, mainly due to more development and construction related fees than the budget. The decline on new construction and development projects is not as bad as projected.
- The collection of parking citations fines were less than expected, which resulted in \$78,672 of negative budget variance in the Fines and Forfeitures category.
- Use of Money and Property has a negative budget variance of \$0.2 million. Investment earnings improved due to a market of rising interest rate, however, the reduction in the market value of held securities and the required book entry has resulted in the lower than expected investment return posting.
- Intergovernmental revenues, including the Motor Vehicle License Fees, was 1.1% more than budgeted. As the growth on Motor Vehicle License Fees is tied to the property assessed value, the higher than expected growth of property valuations has also resulted in the positive variance for this category.
- Charges for Services had a positive variance of \$0.6 million or 13.6% due to higher than expected reimbursements for safety related services, such as the Fire Department's Strike Team reimbursement by the State for their mutual-aid response to wildfires and other nature disaster incidents.
- The collection of other revenues are very close to the budget with a small favorable variance of 1.1%.

The City's General Fund expenditures were \$3.9 million, or 6.3%, less than the final adopted budget. Key elements of the budget variance are as follows:

- Personnel cost had a savings of \$0.8 million, or 1.7% because of more than expected employee vacancies and turnovers. The City's vacancy rate was approximately 4.8%, 1.8% more than the 3% built into the adopted budget.
- The favorable variance of \$1.4 million in the operating expense were mainly attributable to the areas of general contract services, plan check services, and legal fees. The positive variance in Development Services' contract services was mainly due to unfinished projects, so the underspent budget balances are carried over to the following year. The savings on plan check fees were due to less than expected developments that required additional plan check services, and legal fee savings were due to less attorney fees in defending lawsuits filed against the City.
- There was a favorable variance of \$1.7 million on equipment replacement due to underspending or unfinished projects. However, most of these funds are carried over to the following year for those unfinished projects.

City of Arcadia
Management's Discussion and Analysis
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GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS (Continued)

- With exception to General City and Fire Department budgets, all other City departments ended the fiscal year with a positive budget variance. The Fire Department's overtime cost was the driver for the cost overrun. Most of the overtime was related to mutual aid to wildfires and other natural disaster incidents during the fiscal year. However, those overtime cost will be fully reimbursed by the State.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets as of June 30, 2018, amounted to \$103.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress.

The largest capital asset event during the fiscal year was phase 2 of the median turf removal project on Huntington Drive from Michillinda Avenue through Baldwin Avenue that added drought tolerant plants, decomposed granite and river-rock infiltration streams. There were also City facility improvements, including the renovation of the Council Chamber Restroom, a new canopy over the fueling island at the Police Building, and an emergency generator at the Public Works yard. Aside from improvements to buildings and infrastructures, the City also invested in its computer network to further improve operating efficiency, including a cutting edge Asset and Permit Tracking Management System implemented through a collaboration of Public Works Services and Community Development staff that replaced outdated and non-functional programs. This new management system includes programs for managing work orders, City's asset and infrastructure, Building Permitting, Business License, Planning, Code Services, and Engineering. The City also replaced vehicles that have reached the replacement criteria, including 1 fire engine, 4 patrol cars, and 5 street maintenance trucks.

City of Arcadia
Capital Assets

	Governmental Activities		Business – Type Activities		Total	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Non-depreciable assets:						
Land	\$4,335,769	\$5,738,644	\$192,436	\$192,436	\$4,528,205	\$5,931,080
Water rights	-	-	5,602,000	5,602,000	5,602,000	5,602,000
Construction in progress	663,444	1,869,217	878	-	664,322	1,869,217
Total non-depreciable assets	4,999,213	7,607,861	5,795,314	5,794,436	10,794,527	13,402,297
Depreciable assets:						
Buildings and improvements	58,505,212	57,984,213	-	-	58,505,212	57,984,213
Automotive equipment	11,657,755	10,627,728	3,250,427	3,472,481	14,908,182	14,100,209
Furniture and equipment	4,646,767	3,962,020	393,161	364,556	5,039,928	4,326,576
Infrastructure	90,039,021	89,204,786	82,875,309	82,589,212	172,914,330	171,793,998
Total depreciable assets	164,848,755	161,778,747	86,518,897	86,426,249	251,367,652	248,204,996
Less accumulated depreciation:	(110,354,629)	(106,538,626)	(47,908,892)	(46,220,016)	(158,263,521)	(152,758,642)
Total depreciable assets, net	54,494,126	55,240,121	38,610,005	40,206,233	93,104,131	95,446,354
Total capital assets, net	\$59,493,339	\$62,847,982	\$44,405,319	\$46,000,669	\$103,898,658	\$108,848,651

Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements in Note 4 beginning on page 70 of this report.

City of Arcadia
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CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term debt. At the end of the current fiscal year, City of Arcadia had a total outstanding debt of \$187.4 Million, \$28.9 million more than the prior year balance. The increase is mostly due to the actuarial accrued liabilities for pensions and postemployment benefits (OPEB).

City of Arcadia
Long-Term Liabilities

Citywide	30-Jun-18	30-Jun-17
Claims and judgments payable	\$7,448,260	\$7,662,227
Compensated absences	2,813,907	2,808,545
OPEB obligations	17,516,353	2,008,580
Net pension liability	147,874,349	133,656,038
2011 General Obligation Bonds	6,592,972	6,935,237
2012 General Obligation Bonds	5,174,457	5,463,802
Total	\$187,420,298	\$158,534,429

As noted earlier in our discussion, pension liability increase was a result of policy changes by the CalPERS Board to further secure funding level and ensure the long-term sustainability of its pension fund. Policies that made changes to members' demographics, life expectancy, and lowering of investment return assumptions have the cause-and-effect of lowering the overall funded status of the pension plan. As such, this created a sizeable increase of the net pension liability for the City. In addition to pension, the GASB Statement No. 75, implemented this year, require governments to report a liability on the face of the financial statements for postemployment benefits other than pensions (OPEB). The statement requires more extensive note disclosure and required supplementary information about OPEB liabilities. Part of the required reporting is the beginning and ending balances of total OPEB liability, the OPEB plan's fiduciary net position, and the net OPEB liability. As such, the change in total reported liability increased significantly versus the prior year's reported amount. More details on the changes in long-term debt are available in the Notes to the Basic Financial Statements in Note 5 beginning on page 72 of this report.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City of Arcadia is in excess of \$1 billion.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The adopted fiscal year 2018-19 General Fund Operating Budget anticipates a deficit of \$3.1 million. The budget consists of \$64.4 million of Operating Revenues, \$62.4 million of Operating Expenses and \$5.1 million of transfers. The three-year General Fund operating budget outlook shows an even starker picture. As shown in the table on the next page, the projected Fiscal Year 2019-20 beginning General Fund operating balance of \$5.2 million is projected to be reduced to \$511,000 by the end of that fiscal year based on current revenue and expenditure estimates, including transfers to the Capital Outlay and Equipment Replacement funds.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

City of Arcadia
3-Year General Fund Operating Outlook

	FY 2017-18 Actuals	FY 2018-19 Adopted	FY 2019-20 Projected
Beginning Fund Balance	\$8,166,120	\$8,292,381	\$5,193,581
Revenue & Sources	\$61,960,725	\$64,389,800	\$65,818,400
Expenditures & Uses	\$59,034,464	\$63,288,600	\$66,301,100
Net Operating Income	\$2,926,261	\$1,101,200	(\$482,700)
Transfer to Equipment Replacement Fund	(\$1,400,000)	(\$1,800,000)	(\$1,800,000)
Transfer to Capital Improvement Fund	(\$1,400,000)	(\$2,400,000)	(\$2,400,000)
Subtotal Operating Balance	\$126,261	(\$3,098,800)	(\$4,682,700)
Ending Fund Balance	\$8,292,381	\$5,193,581	\$510,881

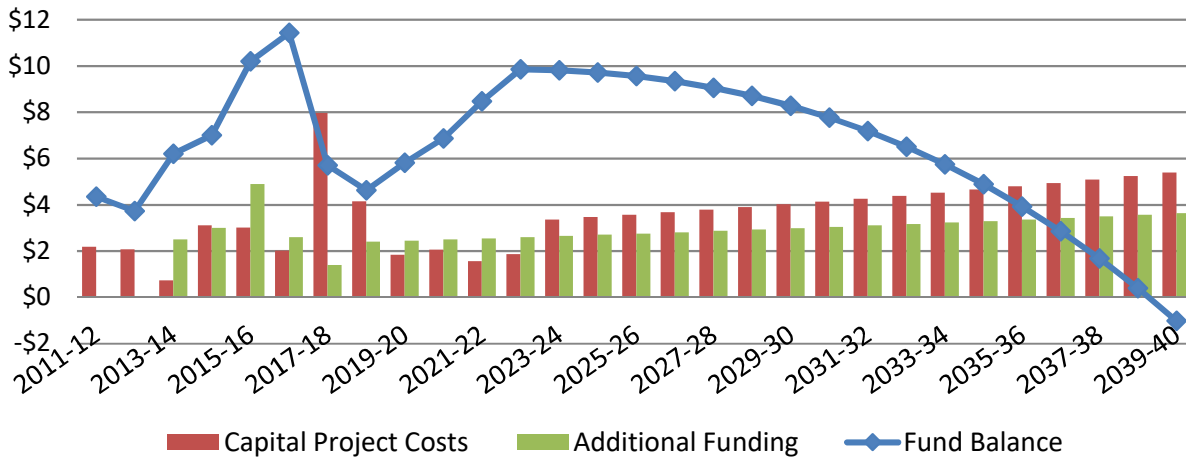
The structural imbalance is projected to increase to approximately \$8.0 million per year by Fiscal Year 2024-25 unless significant reductions in services are enacted and/or new ongoing revenue streams are identified. Below is a detailed discussion of the budget challenges facing Arcadia:

- **CalPERS Funding Policy Changes:** As indicated earlier, CalPERS has made policy and funding changes as well as modifying the actuarial assumption in order to ensure the future viability of the public pension system in the past few years. The changes have significantly increased the annual contribution required by the City. In December of 2016, the CalPERS board of Administration approved another actuarial assumption change to lower the discount rate from 7.5% to 7.0% in order to lower investment risk and to reduce the market volatility that may cause similar losses that occurred in Fiscal Year 2007-08. The discount rate change increases both the normal costs and accrued liability substantially for all the public agencies participating in CalPERS pension system. Although the reduction of discount rate will be phased-in in 3 years with 5-year ramping, it has put enormous pressure on the City's budget. The City's pension costs is expected to increase to \$21 million in Fiscal Year 2024-25, in comparison of \$9 million in Fiscal Year 2013-14.
- **Capital Outlay and Equipment Replacement Funds Recovering:** The adopted budget reflects the true rate of transfers of \$2.4 million and \$1.8 million to the Capital Outlay and Equipment Replacement Funds, respectively. These transfer amounts are much greater than those transfers from prior years. The true rate of transfer were calculated using historical spending patterns and future known budgeted outlays shown in the five-year expenditure plans. Although transfer amounts were established to account for and ensure that both funds have sufficient balances available for critical infrastructure improvements and replacement of equipment in the near future, their fund balances will eventually be depleted as these two funds do not generate revenue streams that can fully fund their annual projected expenses. As shown by the two graphs below, **ONLY** with consistent funding levels of \$2.4 million and \$1.8 million annually to both funds will it allow for the continuation of projects to maintain or improve city infrastructures and purchases of major equipment for daily operations. Unfortunately, the funding is not certain as it is strictly dependent of surpluses generated from the General Fund budget.

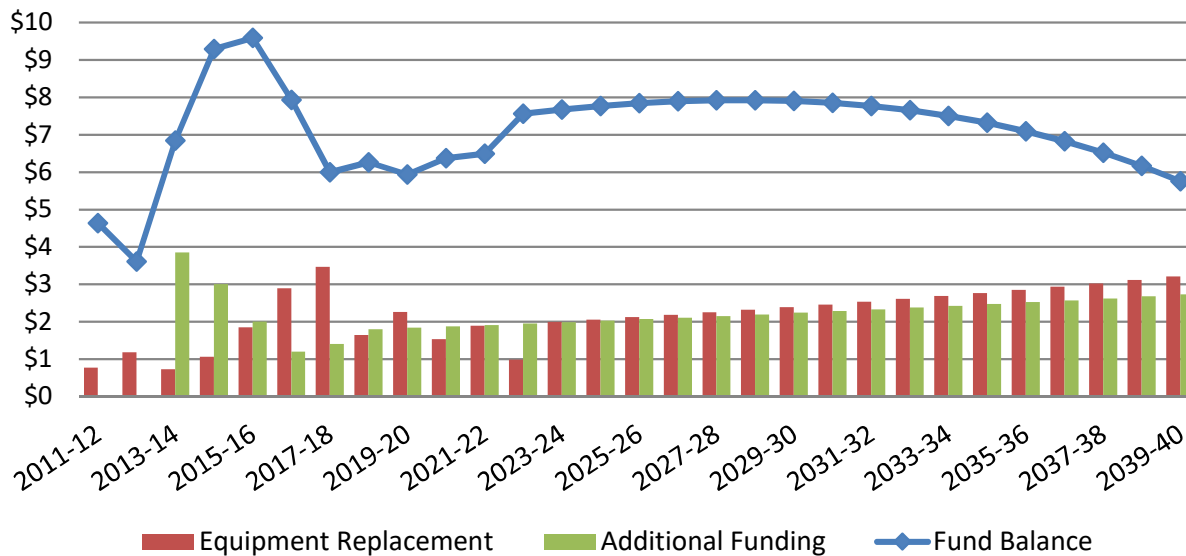
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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

Capital Improvement Fund Balance Forecast



Equipment Replacement Fund Balance Forecast



It is also important to note that current projections do not include nearly \$63.4 million in unfunded capital improvement projects, which include a citywide Parks Master Plan, downtown parking lot development, right-of-way and streetscape improvements, and parking lot resurfacing projects. Additionally, the recent change in state law also requires the City to implement enhanced watershed management program to eliminate pollutant discharge into our local supply, and the costs are estimated to range from \$122 million to \$354 million. Although part of the costs will be offset by a parcel tax approved in November of 2018, the City is likely to be responsible for the remaining costs.

City of Arcadia
Management's Discussion and Analysis
June 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

- Postemployment Benefits (OPEB): City's actuarial accrued liability (AAL) was estimated to be \$19.7 million based on the most recent valuation report dated June 30, 2017, which is \$1.7 million more than the valuation prepared two years earlier. The increase could be attributed to additional service costs for participants due to higher mortality rate, increase in number of participants, and change of assumptions based on the plan's experience. Despite the changes City made in 2011 to reduce OPEB benefits, the Accrued Actuarial Liability for the City's OPEB liability are expected to continue to grow. It is essential for the City to continue to fund the trust established exclusively for this benefits. The trust account had a balance of \$3.0 million as of June 30, 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial position of the City of Arcadia. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 240 West Huntington Drive, Arcadia, CA 91007.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Arcadia
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and investments	\$ 64,903,078	\$ 26,453,249	\$ 91,356,327
Accounts receivable	301,639	2,769,070	3,070,709
Interest receivable	234,345	92,310	326,655
Due from other governments	4,930,998	23,195	4,954,193
Prepaid items	86,465	118,944	205,409
Inventories	985,511	-	985,511
Total current assets	71,442,036	29,456,768	100,898,804
Noncurrent assets:			
Capital assets:			
Nondepreciable	4,999,213	5,795,314	10,794,527
Depreciable, net	54,494,126	38,610,005	93,104,131
Total capital assets	59,493,339	44,405,319	103,898,658
Total noncurrent assets	59,493,339	44,405,319	103,898,658
Total assets	130,935,375	73,862,087	204,797,462
Deferred outflows of resources:			
Deferred outflows related to net pension liability	28,430,999	1,837,918	30,268,917
Deferred outflows related to OPEB	1,764,082	75,199	1,839,281
Total deferred outflows of resources	30,195,081	1,913,117	32,108,198
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities:			
Accounts payable	2,161,908	2,792,143	4,954,051
Accrued salaries payable	661,107	69,247	730,354
Interest payable	170,310	-	170,310
Unearned revenue	287,004	-	287,004
Deposits	1,950	108,357	110,307
Retentions payable	124,578	21,605	146,183
Long-term debt - due within one year	4,383,005	95,878	4,478,883
Total current liabilities	7,789,862	3,087,230	10,877,092
Noncurrent liabilities:			
Long-term debt - due in more than one year	173,094,896	9,846,519	182,941,415
Total noncurrent liabilities	173,094,896	9,846,519	182,941,415
Total liabilities	180,884,758	12,933,749	193,818,507
Deferred inflows of resources:			
Deferred inflows related to net pension liability	3,275,496	190,905	3,466,401
Deferred inflows related to OPEB	44,401	1,893	46,294
Total deferred inflows of resources	3,319,897	192,798	3,512,695
NET POSITION			
Net investment in capital assets	47,725,910	44,405,319	92,131,229
Restricted for:			
Debt service	698,863	-	698,863
Community purposes	13,472,245	-	13,472,245
Public safety	925,971	-	925,971
Transportation /streets	9,943,521	-	9,943,521
Total restricted	25,040,600	-	25,040,600
Unrestricted	(95,840,709)	18,243,338	(77,597,371)
Total net position	\$ (23,074,199)	\$ 62,648,657	\$ 39,574,458

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 17,454,570	\$ 7,184	\$ 112,934	\$ -	\$ 120,118
Public safety	37,298,318	4,335,707	314,567	7,245	4,657,519
Public works services	9,224,613	491,341	1,554,338	-	2,045,679
Community development	7,527,613	2,712,354	3,473,788	38,605	6,224,747
Library	3,982,384	96,038	-	-	96,038
Recreation and community services	3,600,354	2,112,552	86,790	-	2,199,342
Interest on long-term debt	373,622	-	-	-	-
Total governmental activities	79,461,474	9,755,176	5,542,417	45,850	15,343,443
Business-type activities:					
Water	17,005,371	13,223,624	-	-	13,223,624
Sewer	1,779,385	2,347,364	-	-	2,347,364
Transit	1,823,710	13,246	772,915	-	786,161
Total business-type activities	20,608,466	15,584,234	772,915	-	16,357,149
Total primary government	\$ 100,069,940	\$ 25,339,410	\$ 6,315,332	\$ 45,850	\$ 31,700,592

(Continued)

City of Arcadia
Statement of Activities (Continued)
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental activities:			
General government	\$ (17,334,452)	\$ -	\$ (17,334,452)
Public safety	(32,640,799)	-	(32,640,799)
Public works services	(7,178,934)	-	(7,178,934)
Community development	(1,302,866)	-	(1,302,866)
Library	(3,886,346)	-	(3,886,346)
Recreation and community services	(1,401,012)	-	(1,401,012)
Interest on long-term debt	(373,622)	-	(373,622)
Total governmental activities	(64,118,031)	-	(64,118,031)
Business-type activities:			
Water	-	(3,781,747)	(3,781,747)
Sewer	-	567,979	567,979
Transit	-	(1,037,549)	(1,037,549)
Total business-type activities	-	(4,251,317)	(4,251,317)
Total primary government	(64,118,031)	(4,251,317)	(68,369,348)
General Revenues:			
Taxes and fees:			
Property taxes	16,965,156	-	16,965,156
Sales taxes	11,115,292	-	11,115,292
Franchise fees	982,756	-	982,756
Utilities user taxes	6,856,067	-	6,856,067
Transient occupancy taxes	3,320,953	-	3,320,953
Non-regulatory business license taxes	1,248,106	-	1,248,106
Other taxes	1,621,716	-	1,621,716
Total taxes and fees	42,110,046	-	42,110,046
Intergovernmental revenues, unrestricted	6,906,050	-	6,906,050
Investment earnings	1,529,734	150,511	1,680,245
Gain on disposal of assets	49,243	13,976	63,219
Miscellaneous	3,486,199	-	3,486,199
Transfers	(1,006,826)	1,006,826	-
Total general revenues and transfers	53,074,446	1,171,313	54,245,759
Change in net position	(11,043,585)	(3,080,004)	(14,123,589)
Net position - beginning of fiscal year	1,274,897	66,183,250	67,458,147
Restatement	(13,305,511)	(454,589)	(13,760,100)
Net position (deficit) - beginning of fiscal year, as restated	(12,030,614)	65,728,661	53,698,047
Net position - end of fiscal year	\$ (23,074,199)	\$ 62,648,657	\$ 39,574,458

See Accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Proprietary Funds Financial Statements

Fiduciary Funds Financial Statements

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GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

General Fund - established to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Parks and Recreation Special Revenue Fund - established to account for the development of new park sites and playground facilities. Financing is provided by state and federal reimbursement programs in conjunction with fees charged to residential and commercial developers.

Capital Outlay Capital Projects Fund - established to account for acquisition of capital items and construction of capital projects as determined by City Council. Financing is provided by the City's share of proceeds from the Santa Anita Race Track as allowed by the State.

City of Arcadia
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			Nonmajor	Total
	General	Parks and Recreation	Capital Outlay	Governmental Funds	Governmental Funds
ASSETS					
Cash and investments	\$ 27,775,761	\$ 10,867,731	\$ 11,945,171	\$ 14,314,415	\$ 64,903,078
Accounts receivable	192,823	-	-	108,816	301,639
Interest receivable	113,943	38,053	36,569	45,780	234,345
Due from other funds	44,089	-	-	-	44,089
Due from other governments	4,058,502	-	32,883	369,832	4,461,217
Prepaid items and deposits	83,465	-	-	3,000	86,465
Inventories	985,511	-	-	-	985,511
Total assets	\$ 33,254,094	\$ 10,905,784	\$ 12,014,623	\$ 14,841,843	\$ 71,016,344
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,195,696	\$ -	\$ 545,781	\$ 420,431	\$ 2,161,908
Accrued salaries payable	641,120	-	-	19,987	661,107
Due to other funds	-	-	-	44,089	44,089
Unearned revenue	287,004	-	-	-	287,004
Deposits	1,950	-	-	-	1,950
Retentions payable	3,986	-	64,755	55,837	124,578
Total liabilities	2,129,756	-	610,536	540,344	3,280,636
Fund Balances:					
Nonspendable	1,068,976	-	-	3,000	1,071,976
Restricted	-	10,905,784	-	14,302,126	25,207,910
Assigned	22,829,444	-	11,404,087	-	34,233,531
Unassigned	7,225,918	-	-	(3,627)	7,222,291
Total fund balances	31,124,338	10,905,784	11,404,087	14,301,499	67,735,708
Total liabilities and fund balances	\$ 33,254,094	\$ 10,905,784	\$ 12,014,623	\$ 14,841,843	\$ 71,016,344

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds	\$ 67,735,708
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Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds.	59,493,339
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Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.	(170,310)
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds:

Long-term debt - due within one year	(4,383,005)
Long-term debt - due in more than one year	(173,094,896)

Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows related to net pension liability	28,430,999
Deferred inflows related to net pension liability	(3,275,496)
Deferred outflows related to OPEB	1,764,082
Deferred inflows related to OPEB	(44,401)

In governmental funds, revenue is recognized only to the extent that it is "available" meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that are recognized in the government-wide statements is:

	469,781
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Net Position of Governmental Activities	\$ (23,074,199)
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City of Arcadia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Major Funds			Nonmajor	Total
	General	Parks and Recreation	Capital Outlay	Governmental Funds	Governmental Funds
REVENUES:					
Taxes	\$ 37,797,893	\$ -	\$ 626,664	\$ 2,081,514	\$ 40,506,071
Licenses and permits	4,636,689	-	-	196,819	4,833,508
Fines and forfeitures	496,828	-	-	193,875	690,703
Use of money and property	1,359,379	53,122	57,190	60,042	1,529,733
Intergovernmental	7,084,640	-	-	5,445,375	12,530,015
Charges for services	5,038,450	916,233	-	134,045	6,088,728
Other revenues	3,152,046	-	217,163	156,505	3,525,714
Total revenues	59,565,925	969,355	901,017	8,268,175	69,704,472
EXPENDITURES:					
Current:					
General government:					
City council	230,385	-	-	-	230,385
City manager	866,465	-	-	-	866,465
City clerk	411,000	-	-	-	411,000
City attorney	580,618	-	-	-	580,618
General city	1,946,674	-	391,512	98,744	2,436,930
Administrative services	3,609,092	-	-	-	3,609,092
Public safety:					
Police	20,727,096	-	140,638	352,865	21,220,599
Fire	15,697,715	-	20,069	3,054	15,720,838
Public works services	3,943,572	-	2,285,671	1,795,568	8,024,811
Community development	4,069,124	-	863,434	2,667,304	7,599,862
Library	3,746,990	-	78,842	501	3,826,333
Recreation and community services	3,180,516	26,366	49,960	82,584	3,339,426
Debt service:					
Principal retirement	-	-	-	590,000	590,000
Interest and fiscal charges	-	-	-	425,274	425,274
Total expenditures	59,009,247	26,366	3,830,126	6,015,894	68,881,633
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	556,678	942,989	(2,929,109)	2,252,281	822,839
OTHER FINANCING SOURCES (USES):					
Transfers in	1,500,417	-	1,400,000	716,845	3,617,262
Transfers out	(2,116,845)	-	-	(2,507,243)	(4,624,088)
Total other financing sources (uses)	(616,428)	-	1,400,000	(1,790,398)	(1,006,826)
Net changes in fund balances	(59,750)	942,989	(1,529,109)	461,883	(183,987)
FUND BALANCES:					
Beginning of fiscal year	31,184,088	9,962,795	12,933,196	13,839,616	67,919,695
End of fiscal year	<u>\$ 31,124,338</u>	<u>\$ 10,905,784</u>	<u>\$ 11,404,087</u>	<u>\$ 14,301,499</u>	<u>\$ 67,735,708</u>

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ (183,987)
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Amounts reported for governmental activities in the Statement of Activities were different because:

Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the statement of activities, the cost of those assets was allocated over the estimated useful lives as depreciation expense. The following was the amount of capital assets recorded in the current period:

General government	233,310
Public safety	1,397,794
Public works services	503,195
Community development	124,821
Library	98,035
Total	<u>2,357,155</u>

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(1,402,875)

Depreciation expense on capital assets was reported in the statement of activities, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds

(4,308,923)

Compensated absences was reported in the statement of activities, but it did not require the use of current financial resources. Therefore, compensated absences was not reported as an expenditure in the governmental funds. The differences between paid and earned for the period was:

(503)

Claims and judgments payable was reported in the Statement of Activities, but it did not require the use of current financial resources. Therefore, claims and judgments payable was not reported as an expenditure in the governmental funds. The differences between claims incurred and paid for the period was:

213,967

Long-term OPEB obligation was reported in the Statement of Activities, but it did not require the use of current financial resources. Therefore, OPEB was not reported as an expenditure in the governmental funds. The differences between accrual basis pension costs and actual employer contributions was:

43,462

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bond principal

590,000

Some expenses are reported in the statement of activities, but they did not require the use of current financial resources. Therefore, these expenses were not reported as an expenditure in the governmental funds.

Accrued interest

10,042

Amortization of bond premium

41,610

Total

51,652

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:

(8,584,289)

Unavailable revenue is not recognized as revenue in the governmental funds in current fiscal year since the revenue is not available to fund current fiscal year expenditures.

180,756

Change in Net Position of Governmental Activities	<u><u>\$ (11,043,585)</u></u>
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PROPRIETARY FUNDS

FINANCIAL STATEMENTS

Water Utility Enterprise Fund - established to account for the operation of the City's water utility, a self-supporting activity which renders services on a user charge basis to residents and businesses located in Arcadia.

Sewer Maintenance Enterprise Fund - established to account for maintenance of the City's sewer system. Financing is provided by fees charged to residential and commercial developers.

Transit System Enterprise Fund - established to account for the City-operated "Dial-A-Ride" van service to the general public. Principal sources of revenue are the Los Angeles County Proposition "A" funds, Federal Transit Administration Capital Assistance, State Transportation Development Act Funds, and passenger fees.

City of Arcadia
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds			
	Water Utility	Sewer Maintenance	Transit System	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and investments	\$ 23,040,024	\$ 3,307,985	\$ 105,240	\$ 26,453,249
Accounts receivable	2,337,775	431,295	-	2,769,070
Interest receivable	80,740	11,570	-	92,310
Prepaid items	118,846	98	-	118,944
Due from other governments	-	189	23,006	23,195
Total current assets	25,577,385	3,751,137	128,246	29,456,768
Capital assets:				
Nondepreciable	5,794,436	878	-	5,795,314
Depreciable, net	33,695,013	4,914,992	-	38,610,005
Total capital assets	39,489,449	4,915,870	-	44,405,319
Total assets	65,066,834	8,667,007	128,246	73,862,087
Deferred outflows of resources:				
Deferred outflows related to net pension liability	1,334,285	401,740	101,893	1,837,918
Deferred outflows related to OPEB	75,199	-	-	75,199
Total deferred outflows of resources	1,409,484	401,740	101,893	1,913,117
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities:				
Accounts payable	2,645,803	21,733	124,607	2,792,143
Retentions payable	19,377	2,228	-	21,605
Accrued salaries payable	50,848	14,760	3,639	69,247
Compensated absences payable - due within one year	95,878	-	-	95,878
Deposits	108,357	-	-	108,357
Total current liabilities	2,920,263	38,721	128,246	3,087,230
Noncurrent liabilities:				
Net pension liabilities	6,604,881	1,988,668	504,378	9,097,927
Net OPEB obligation	716,159	-	-	716,159
Compensated absences payable - due in more than one year	32,433	-	-	32,433
Total noncurrent liabilities	7,353,473	1,988,668	504,378	9,846,519
Total liabilities	10,273,736	2,027,389	632,624	12,933,749
Deferred inflows of resources:				
Deferred inflows related to net pension liability	138,592	41,729	10,584	190,905
Deferred inflows related to OPEB	1,893	-	-	1,893
Total deferred inflows of resources	140,485	41,729	10,584	192,798
NET POSITION				
Net investment in capital assets	39,489,449	4,915,870	-	44,405,319
Unrestricted	16,572,648	2,083,759	(413,069)	18,243,338
Total net position (deficit)	\$ 56,062,097	\$ 6,999,629	\$ (413,069)	\$ 62,648,657

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds			
	Water Utility	Sewer Maintenance	Transit System	Total
OPERATING REVENUES:				
Charges for services	\$ 13,197,998	\$ 2,347,364	\$ 13,246	\$ 15,558,608
Other	25,626	-	-	25,626
Total operating revenues	13,223,624	2,347,364	13,246	15,584,234
OPERATING EXPENSES:				
Administration and general	3,925,292	1,424,634	390,113	5,740,039
Power, supplies and pumping	11,201,446	84,740	-	11,286,186
Contract costs	182,667	55,047	1,433,597	1,671,311
Depreciation	1,695,966	214,964	-	1,910,930
Total operating expenses	17,005,371	1,779,385	1,823,710	20,608,466
OPERATING INCOME (LOSS)	(3,781,747)	567,979	(1,810,464)	(5,024,232)
NONOPERATING REVENUES (EXPENSES):				
Investment income	137,526	12,985	-	150,511
Federal and state grants	-	-	772,915	772,915
Gain on disposal of capital assets	13,976	-	-	13,976
Total nonoperating revenues (expenses)	151,502	12,985	772,915	937,402
INCOME (LOSS) BEFORE TRANSFERS	(3,630,245)	580,964	(1,037,549)	(4,086,830)
TRANSFERS:				
Transfers in	-	-	1,006,826	1,006,826
Total transfers	-	-	1,006,826	1,006,826
Changes in net position	(3,630,245)	580,964	(30,723)	(3,080,004)
NET POSITION (DEFICIT):				
Beginning of fiscal year	60,146,931	6,418,665	(382,346)	66,183,250
Restatement	(454,589)	-	-	(454,589)
Beginning of fiscal year, restated	59,692,342	6,418,665	(382,346)	65,728,661
End of fiscal year	\$ 56,062,097	\$ 6,999,629	\$ (413,069)	\$ 62,648,657

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds			
	Water Utility	Sewer Maintenance	Transit System	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 13,173,829	\$ 2,329,152	\$ 13,246	\$ 15,516,227
Cash payments to suppliers for goods and services	(11,508,376)	(879,561)	(1,662,066)	(14,050,003)
Cash payments to employees for services	(1,780,202)	(466,240)	(128,783)	(2,375,225)
Cash received for other operating activities	25,626	-	-	25,626
Net cash provided by (used in) operating activities	(89,123)	983,351	(1,777,603)	(883,375)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other governments	990	-	749,909	750,899
Transfers in	-	-	1,006,826	1,006,826
Net cash provided (used) by noncapital financing activities	990	-	1,756,735	1,757,725
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	13,976	-	-	13,976
Acquisition of capital assets	(17,571)	(298,009)	-	(315,580)
Net cash provided by (used in) capital and related financing activities	(3,595)	(298,009)	-	(301,604)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	120,011	8,578	-	128,589
Net cash provided by investing activities	120,011	8,578	-	128,589
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,283	693,920	(20,868)	701,335
CASH AND CASH EQUIVALENTS - Beginning of fiscal year	23,011,741	2,614,065	126,108	25,751,914
CASH AND CASH EQUIVALENTS - End of fiscal year	\$ 23,040,024	\$ 3,307,985	\$ 105,240	\$ 26,453,249
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (3,781,747)	\$ 567,979	\$ (1,810,464)	\$ (5,024,232)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,695,966	214,964	-	1,910,930
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	(70,782)	(18,212)	-	(88,994)
Prepaid items	(6,909)	(98)	-	(7,007)
Accounts payable	1,445,192	12,812	1,994	1,459,998
Retention payable	2,155	470	-	2,625
Accrued salaries payable	2,687	2,335	144	5,166
Deposits	46,613	-	-	46,613
Net pension liabilities	666,687	237,658	34,742	939,087
Deferred outflow of resources - pension	268,643	70,921	24,879	364,443
Deferred inflow of resources - pension	(360,635)	(105,478)	(28,898)	(495,011)
Net OPEB obligation	1,312	-	-	1,312
Deferred outflow of resources - OPEB	(5,057)	-	-	(5,057)
Deferred inflow of resources - OPEB	1,893	-	-	1,893
Compensated absences	4,859	-	-	4,859
Total adjustments	3,692,624	415,372	32,861	4,140,857
Net cash provided by (used in) operating activities	\$ (89,123)	\$ 983,351	\$ (1,777,603)	\$ (883,375)

See Accompanying Notes to the Basic Financial Statements.

FIDUCIARY FUNDS

Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund - established to account for activities of the Successor Agency to the Arcadia Redevelopment Agency.

Agency Fund - established to account for assets held by the City as agent for individuals, private organizations, or other governmental units, and/or other funds.

City of Arcadia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
ASSETS		
Current assets:		
Cash and investments	\$ 3,857,143	\$ 2,810,154
Cash and investments with fiscal agent	2,925,378	-
Accounts receivable	-	19,473
Interest receivable	15,064	-
Due from other governments	5,880	-
Total current assets	<u>6,803,465</u>	<u>2,829,627</u>
Noncurrent assets:		
Land held for resale	<u>4,770,232</u>	<u>-</u>
Total noncurrent assets	<u>4,770,232</u>	<u>-</u>
Total assets	<u>11,573,697</u>	<u>\$ 2,829,627</u>
LIABILITIES		
Current liabilities:		
Accounts payable	3,108	\$ 38,744
Accrued salaries payable	1,063	-
Deposits payable	-	2,790,883
Interest payable	318,661	-
Bonds payable - due within one year	<u>1,613,355</u>	<u>-</u>
Total current liabilities	<u>1,936,187</u>	<u>2,829,627</u>
Noncurrent liabilities:		
Bonds payable - due in more than one year	<u>15,719,999</u>	<u>-</u>
Total noncurrent liabilities	<u>15,719,999</u>	<u>-</u>
Total liabilities	<u>17,656,186</u>	<u>\$ 2,829,627</u>
NET POSITION (DEFICIT)		
Held in trust	<u>\$ (6,082,489)</u>	

See Accompanying Notes to the Basic Financial Statements.

City of Arcadia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Redevelopment Property Tax Trust Fund	\$ 2,320,008
Use of money and property	199,728
Total additions	<u>2,519,736</u>
DEDUCTIONS:	
Enforceable obligations	1,103,139
Administration	<u>264,407</u>
Total deductions	<u>1,367,546</u>
Change in net position	1,152,190
NET POSITION (DEFICIT):	
Beginning of fiscal year	<u>(7,234,679)</u>
End of fiscal year	<u><u>\$ (6,082,489)</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Arcadia
Notes to the Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Arcadia, California (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

A. Financial Reporting Entity

The City was incorporated on August 15, 1903 as a charter city under the laws of the State of California and enjoys all the rights and privileges allowed by its charter. The City is governed by an elected five-member council.

Component units are legally separate entities that meet any one of the following tests:

1. The City appoints the voting majority of the board and:
 - is able to impose its will on the component unit and/or
 - is in a relationship of financial benefit or burden with the component unit.
2. The component unit is fiscally dependent upon the City.
3. The financial statements of the City would be misleading if data from the component unit were omitted.

The City had no blended or discretely presented component units.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the statement of net position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and, therefore, are not recognized as revenue until that time.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities of the City are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from/to other funds
- Transfers in/out

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

Revenues are recognized as soon as they are both “*measurable*” and “*available*”. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, certain grant revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

The City reports the following major governmental funds:

- General Fund – This fund was established to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
- Parks and Recreation Special Revenue Fund – This fund was established to account for the development of new park sites and playground facilities. Financing is provided by state and federal reimbursement programs in conjunction with fees charged to residential and commercial developers.
- Capital Outlay Capital Projects Fund – This fund was established to account for acquisition of capital items and construction of capital projects as determined by City Council. Financing is provided by the City's share of proceeds from the Santa Anita Race Track as allowed by the State.

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

- Water Utility Enterprise Fund – This fund was established to account for the operation of the City's water utility, a self-supporting activity which renders services on a user charge basis to residents and businesses located within the City.
- Sewer Maintenance Enterprise Fund – This fund was established to account for the maintenance of the City's sewer system. Financing is provided by fees charged to residential and commercial developers.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

- Transit System Enterprise Fund – This fund was established to account for the City-operated “Dial-A-Ride” van service to the general public.

Fiduciary Fund Financial Statements

The fiduciary funds are reported using the accrual basis of accounting.

The City reports the following fiduciary funds:

- Successor Agency to the Arcadia Redevelopment Agency Fund – This private-purpose trust fund was established to account for the activities of the Successor Agency to the Arcadia Redevelopment Agency.
- Agency Fund – This agency fund was established to account for items that are custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. Cash, Cash Equivalents and Investments

The City considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition as cash and cash equivalents. All cash and investments of proprietary funds are held in the City's investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for statement of cash flows purposes.

Investments are stated at fair value (quoted market price or best available estimate thereof).

D. Cash and Investments with Fiscal Agent

Cash and investments with fiscal agent are restricted for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “interfund balances”.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Inventories and Prepaid Items

Inventories within the various fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. Reported expenditures reflect the consumption method of recognizing inventory-related expenditures. A nonspendable fund balance has been reported in the governmental funds to show that inventories do not constitute “*available spendable resources*”, even though they are a component of current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Land Held for Resale

Land held for resale is carried at the lower of cost or market, but not greater than the estimated net realizable value.

H. Capital Assets

In the government-wide financial statements, capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$50,000; all other capital assets are set at \$5,000.

The City defines infrastructure assets as the basic physical assets that allow the City to function. The assets include streets, storm drains, park lands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems are not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. For all infrastructure systems, the City elected to use the “Basic Approach”.

Interest accrued during capital assets construction, if any, is capitalized for the enterprise funds as part of the asset cost.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. The lives used for depreciation purposes are as follows:

Hydrants	30 years
Pipes	40-75 years
Wells	25-40 years
Booster pumps	25 years
Reservoirs	60 years
Chlorination equipment	20 years
Telemetry system	30 years
Meters	20 years
Auto equipment	4-15 years
Office furniture and equipment	3-20 years
Infrastructure:	
Streets	30-50 years
Sewers	40-100 years
Traffic signals	20 years
Street lights	30 years
Bridges	40-50 years

In the fund financial statements, the governmental fund financial statements do not present capital assets. Consequently, capital assets are presented as reconciling items in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

I. Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the fund financial statements, only proprietary fund types recognize the interest payable when the liability is incurred.

J. Unearned Revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues are prepaid charges for services.

K. Compensated Absences

City employees have vested interest in varying levels of vacation and sick leave based on their length of employment. Vacation leave is payable to employees at the time a vacation is taken or upon termination of employment. Vacation leave cannot be accrued for more than 65 pay periods at the accrual rate. Sick leave is payable only when an employee is unable to work due to personal or family illness. Sick leave may be accrued up to a maximum of 1,500 hours for general employees, 2,000 hours for public works employees, 1,500 for civilian police, 1,600 hours for sworn police, and 2,100 hours for fire employees. Unused sick leave does not vest and is forfeited upon termination. The amount of compensated absences is accrued when incurred in the government-wide financial statements and proprietary funds. Compensated absences are primarily liquidated by the General Fund and proprietary funds.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, the governmental fund financial statements do not present long-term liabilities. Consequently, long term debt is shown as a reconciling item in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

M. Claims and Judgments

When it is probable that a claim or judgment liability has been incurred at fiscal year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage. The City is self-insured and has insurance coverage in excess of the self-insured amounts as a member of the California Insurance Pool Authority (“CIPA”).

N. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool with the County, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received from the County of Los Angeles (the “County”) within sixty days after fiscal year-end.

The following are key dates pertaining to property taxes:

Lien Date:	January 1
Levy Date:	June 30
Due Date:	November 1 and February 1
Collection Date:	December 10 and April 10

O. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Nonspendable fund balances are items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has by resolution authorized the City Manager and the Administrative Services Director for that purpose.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Q. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as needed.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Spending Policy (Continued)

Governmental Fund Financial Statements (Continued)

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order, except for instances wherein an ordinance specifies the fund balance:

Committed
Assigned
Unassigned

R. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. New Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information.

The City adopted these accounting standards effective July 1, 2017. As a result of adopting GASB 75, which was applied retroactively, the City restated its other postemployment benefit liability and its net position as of June 30, 2017, by \$13,760,100.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 2 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. Certain restricted funds which are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investments with fiscal agent.

The City had the following cash and investments at June 30, 2018:

	Government-Wide Statement of Net Position			Fiduciary Fund Statement of Net Position	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 64,903,078	\$ 26,453,249	\$ 91,356,327	\$ 6,667,297	\$ 98,023,624
Cash and investments with fiscal agent	-	-	-	2,925,378	2,925,378
Total cash and investments	\$ 64,903,078	\$ 26,453,249	\$ 91,356,327	\$ 9,592,675	\$ 100,949,002

The City's cash and investments at June 30, 2018 consists of the following:

Cash and cash equivalents:	
Petty cash	\$ 18,956
Demand deposits	390,197
Total cash and cash equivalents	409,153
Investments:	
Local Agency Investment Fund	4,706,628
California Asset Management Program	14,715,992
Certificates of Deposits	4,038,789
U.S. Treasury Notes	15,952,121
U.S. Government Sponsored Enterprise Securities	41,874,839
Commercial paper	992,934
Municipal bonds	3,846,084
Corporate Bonds	11,487,084
Total investments	97,614,471
Cash and investments with fiscal agent:	
Money Market Funds	2,925,378
Total cash and investments	\$ 100,949,002

A. Deposits

The carrying amounts of the City's demand deposits were \$390,197 at June 30, 2018. Bank balances at that date were \$1,180,267, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below. The difference between the carrying amount and bank balances represents outstanding checks, deposits in transit, and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 2 – Cash and Investments (Continued)

A. Deposits (Continued)

The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	No Limit	No Limit
Federal Agency or United States Government-Sponsored Enterprise Obligations. Participations, or Other Instruments	5 years	No Limit	No Limit
Repurchase Agreements	30 days	No Limit	5%
Supranational Obligations	5 years	30%	No Limit
Prime Commercial Paper	270 days	25%	10%
Eligible Bankers' Acceptances	180 days	15%	15%
Medium-term notes (Corporate Notes/Bonds)	3 or 5 years***	30%	5%
Asset-Backed Securities	5 years	20%	5%
Negotiable Certificates of deposit (amount limited to FDIC insurance limits)	5 years	No Limit	5%
Non-negotiable Certificates of deposit and savings deposits	5 years	20%	5%
Placement Service Deposits	5 years	20%	5%
Local Agency Investment Fund ("LAIF")	N/A	No Limit	\$65 Million
Money Market Mutual Funds	N/A	20%	No Limit
Local Government Investment Pools	N/A	No Limit	No Limit
Municipal & State Obligations	5 years	20%	5%

N/A - Not Applicable

* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

*** 3 years for "A" rated corporate bonds and 5 years for "AA" rated bonds

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2018, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2018, the City had \$4,706,628 invested in LAIF, which had invested 2.67% of the pool investment funds in Structured Notes and Asset-Backed Securities.

The City is also participating in California Asset Management Program (CAMP). The CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p). As of June 30, 2018, the City had \$14,715,992 invested in CAMP.

C. Risk Disclosures

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments to a maximum maturity of five years. At June 30, 2018, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Local Agency Investment Fund (LAIF)	\$ 4,706,628	\$ 4,706,628	\$ -	\$ -	\$ -	\$ -
California Asset Management Program (CAMP)	14,715,992	14,715,992	-	-	-	-
Certificates of deposits	4,038,789	1,204,431	1,891,622	942,736	-	-
U.S. Treasury Notes	15,952,121	-	10,634,737	5,317,384	-	-
Federal Farm Credit Bank	6,935,480	2,998,500	1,978,400	1,958,580	-	-
Federal Home Loan Bank	10,471,226	-	5,170,763	5,300,463	-	-
Federal Home Loan Mortgage Corporation	10,545,473	1,124,535	6,506,268	1,960,360	954,310	-
Federal National Mortgage Association	8,338,874	-	6,028,388	1,955,530	354,956	-
Mortgage-Backed Securities	5,583,786	-	-	187,432	3,454,362	1,941,992
Commercial Paper	992,934	992,934	-	-	-	-
Municipal Bonds	3,846,084	248,060	736,080	2,861,944	-	-
Corporate Bonds	11,487,084	918,401	5,069,090	5,499,593	-	-
Held by Fiscal Agent:						
Money Market Funds	2,925,378	2,925,378	-	-	-	-
Total	\$ 100,539,849	\$ 29,834,859	\$ 38,015,348	\$ 25,984,022	\$ 4,763,628	\$ 1,941,992

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (“NRSROs”). It is the City’s policy to limit its investments in these investment types to the top rating issued by Standard & Poor’s and Moody’s Investors Service. At June 30, 2018, the City’s credit risks, expressed on a percentage basis, were as follows:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments			
Investment Type	Moody's Credit Rating	S&P's Credit Rating	% of Investments with Interest Rate Risk
Federal Farm Credit Bank	Aaa	AA+	7.10%
Federal Home Loan Bank	Aaa	AA+	10.75%
Federal Home Loan Mortgage Corp.	Aaa	AA+	10.80%
Federal National Mortgage Association	Aaa	AA+	8.18%
Federal CMO	Aaa	AA+	0.36%
Supranational Bonds - Int'l Bank of Recon & Devel	Aaa	AAA	1.25%
Supranational Bonds - Inter-American Devel Bank	Aaa	AAA	1.08%
Supranational Bonds - International Finance Corp	Aaa	AAA	0.51%
Corporate Bonds - Microsoft	Aaa	AAA	0.24%
Corporate Bonds - Johnson & Johnson	Aaa	AAA	0.11%
Corporate Bonds - Exxon Mobil	Aaa	AA+	0.51%
Corporate Bonds - Apple	Aa1	AA+	0.44%
Corporate Bonds - Walmart	Aa2	AA	0.59%
Corporate Bonds - Chevron	Aa2	AA-	0.34%
Corporate Bonds - Toyota Motor	Aa3	AA-	0.31%
Corporate Bonds - Pfizer	A1	AA	0.24%
Corporate Bonds - Unilever	A1	A+	0.51%
Corporate Bonds - IBM	A1	A+	0.47%
Corporate Bonds - Paccar Financial Corp	A1	A+	0.31%
Corporate Bonds - PepsiCo	A1	A+	0.25%
Corporate Bonds - Intel Corp	A1	A+	0.25%
Corporate Bonds - BNY Mellon	A1	A	0.51%
Corporate Bonds - American Honda	A2	A+	0.72%
Corporate Bonds - General Dynamics	A2	A+	0.31%
Corporate Bonds - John Deere Capital	A2	A	0.69%
Corporate Bonds - Charles Schwab Corp	A2	A	0.25%
Corporate Bonds - General Electric	A2	A	0.24%
Corporate Bonds - National Rural Utilities	A2	A	0.21%
Corporate Bonds - HSBC USA	A2	A	0.18%
Corporate Bonds - Honeywell International	A2	A	0.14%
Corporate Bonds - Home Depot	A2	A	0.12%
Corporate Bonds - Wells Fargo	A2	A-	0.51%
Corporate Bonds - BB&T Corp	A2	A-	0.50%
Corporate Bonds - American Express	A2	A-	0.25%
Corporate Bonds - Goldman Sachs	A3	BBB+	0.51%

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments

Investment Type	Moody's Credit Rating	S&P's Credit Rating	% of Investments with Interest Rate Risk
Corporate Bonds - Morgan Stanley	A3	BBB+	0.38%
Corporate Bonds - American Express	A3	BBB+	0.30%
Corporate Bonds - JP Morgan Chase	A3	A-	0.51%
Corporate Bonds - Bank of America	A3	A-	0.51%
Corporate Bonds - Caterpillar	A3	A	0.37%
Asset Backed Securities - CarMax Auto Trust 2017-4	Not Rated	AAA	0.19%
Asset Backed Securities - Citibank Credit Card Trust	Not Rated	AAA	0.25%
Asset Backed Securities - Honda Auto Rcvbl 2017-3	Not Rated	AAA	0.13%
Asset Backed Securities - John Deere Owner Trust 2017-B	Aaa	Not Rated	0.15%
Asset Backed Securities - Nissan Auto Rcvbl 2017-B	Aaa	Not Rated	0.25%
Asset Backed Securities - Toyota Auto Rcvbl 2017-C	Aaa	AAA	0.15%
Asset Backed Securities - Ally Auto Rcvbl 2017-4	Not Rated	AAA	0.18%
Asset Backed Securities - Hyundai Auto Rcvbl 2017-B	Aaa	AAA	0.21%
Asset Backed Securities - Toyota Auto Rcvbl 2017-D	Aaa	AAA	0.16%
Asset Backed Securities - Honda Auto Rcvbl 2018-1	Aaa	AAA	0.44%
Asset Backed Securities - Ally Auto Rcvbl 2017-5	Aaa	AAA	0.34%
Asset Backed Securities - Ford Credit 2017-C	Not Rated	AAA	0.50%
Asset Backed Securities - John Deere Owner Trust 2018	Aaa	Not Rated	0.12%
Asset Backed Securities - Nissan Auto Rcvbl 2017-C	Aaa	Not Rated	0.15%
Asset Backed Securities - Nissan Auto Rcvbl 2018-A	Aaa	AAA	0.13%
Asset Backed Securities - Toyota Auto Rcvbl 2018-A	Aaa	AAA	0.11%
Asset Backed Securities - Honda Auto Rcvbl 2018-2	Not Rated	AAA	0.09%
Asset Backed Securities - Hyundai Auto Rcvbl 2018-A	Aaa	AAA	0.16%
Asset Backed Securities - BA Credit Card Trust	Aaa	Not Rated	0.25%
Asset Backed Securities - Toyota Auto Rcvbl 2018-B	Aaa	AAA	0.43%
Asset Backed Securities - American Express 2018-1	Aaa	Not Rated	0.43%
Asset Backed Securities - Ally Auto Rcvbl 2018-2	Aaa	Not Rated	0.36%
Asset Backed Securities - Ford Credit 2018-A	Not Rated	AAA	0.26%
Asset Backed Securities - Citibank CIT 2018-A1	Aaa	Not Rated	0.25%
Municipal Bonds	Aa2	AA	1.10%
United States Treasury Notes	Aaa	AA+	16.34%
Commercial Paper	P-1	A-1	1.02%
Local Agency Investment Fund	Not Rated	Not Rated	4.82%
California Asset Management Program	Not Rated	Not Rated	15.08%
Certificates of Deposit	Not Rated	Not Rated	4.14%
			100.00%

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

Custodial Credit Risk - For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's investments, \$2,925,378 of securities is held by the investment's counterparty, the trustee for the general obligation and tax allocation bonds, not in the name of the City as of June 30, 2018.

D. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The City pooled investments has the following recurring fair value measurements as of June 30, 2018:

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Certificates of deposits	\$ 4,038,789	\$ 4,038,789	\$ -	\$ -
U.S. Treasury Notes	15,952,121	15,952,121	-	-
Federal Farm Credit Bank	6,935,480	6,935,480	-	-
Federal Home Loan Bank	10,471,226	10,471,226	-	-
Federal Home Loan Mortgage Corporation	10,545,473	10,545,473	-	-
Federal National Mortgage Association	8,338,874	8,338,874	-	-
Mortgage-Backed Securities	5,583,786	5,583,786	-	-
Commercial Paper	992,934	992,934	-	-
Municipal Bonds	3,846,084	3,846,084	-	-
Corporate Bonds	11,487,084	11,487,084	-	-
Total Investments Measured at Fair Value	78,191,851	\$ 78,191,851	\$ -	\$ -
Investments Measured at Amortized Cost				
LAIF	4,706,628			
CAMP	14,715,992			
Total Pooled Investments	\$ 97,614,471			

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 3 – Interfund Transactions

A. Government-Wide Financial Statements

Transfers - At June 30, 2018, the City had the following transfers for the operation of the Transit System Enterprise Fund:

Transfers In	
Business-Type Activities	
Transfers Out	
Governmental Activities	\$ 1,006,826

B. Fund Financial Statements

Due From/To Other Funds - At June 30, 2018, the City had the following due from/to other funds:

Due from Other Funds	
General Fund	
Due to Other Funds	
Nonmajor Governmental Funds	\$ 44,089
Total	\$ 44,089

The above interfund balances resulted from temporary reclassifications made at June 30, 2018 to cover cash shortfalls.

Transfers In/Out - At June 30, 2018, the City had the following transfers in/out which arise in the normal course of operations:

Transfers In					
Transfers Out	General Fund	Capital Outlay Capital Projects Fund	Nonmajor Governmental Funds	Transit System Enterprise	Total
General Fund	\$ -	\$ 1,400,000	\$ 716,845	\$ -	\$ 2,116,845
Nonmajor Governmental Funds	1,500,417	-	-	1,006,826	2,507,243
Total	\$ 1,500,417	\$ 1,400,000	\$ 716,845	\$ 1,006,826	\$ 4,624,088

In general, transfers are used to 1) transfer restricted revenues collected in one fund to finance eligible programs accounted for in other funds in accordance with budgetary authorizations, and 2) to fund future capital projects.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 4 – Capital Assets

A. Government-Wide Financial Statements

A summary of changes in the capital assets for the governmental activities for the fiscal year ended June 30, 2018 is as follows:

	Governmental Activities			
	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Nondepreciable assets:				
Land	\$ 5,738,644	\$ -	\$ (1,402,875)	\$ 4,335,769
Construction in progress	1,869,217	1,342,072	-	663,444
Total nondepreciable assets	7,607,861	1,342,072	(1,402,875)	4,999,213
Depreciable assets:				
Building and improvements	57,984,213	-	-	58,505,212
Automotive equipment	10,627,728	658,072	(346,900)	11,657,755
Furniture and equipment	3,962,020	357,011	(146,020)	4,646,767
Infrastructure	89,204,786	-	-	90,039,021
Total capital assets, being depreciated	161,778,747	1,015,083	(492,920)	164,848,755
Less accumulated depreciation:				
Building and improvements	(24,921,073)	(1,759,804)	-	(26,680,877)
Automobile equipment	(8,093,450)	(813,580)	346,900	(8,560,130)
Furniture and equipment	(1,763,830)	(398,304)	146,020	(2,016,114)
Infrastructure	(71,760,273)	(1,337,235)	-	(73,097,508)
Total accumulated depreciation	(106,538,626)	(4,308,923)	492,920	(110,354,629)
Total depreciable assets, net	55,240,121	(3,293,840)	-	54,494,126
Governmental activities capital assets, net	\$ 62,847,982	\$ (1,951,768)	\$ (1,402,875)	\$ 59,493,339

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2018 as follows:

General government	\$ 283,665
Public safety	1,754,675
Public works services	1,702,997
Community development	52,572
Library	254,086
Recreation and community services	260,928
Total depreciation expense	\$ 4,308,923

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 4 – Capital Assets (Continued)

A. Government-Wide Financial Statements (Continued)

A summary of changes in the capital assets for the business-type activities for the fiscal year ended June 30, 2018 is as follows:

	Business-Type Activities				Balance June 30, 2018
	Balance July 1, 2017	Additions	Deletions	Transfers	
Nondepreciable assets:					
Land	\$ 192,436	\$ -	\$ -	\$ -	\$ 192,436
Water rights	5,602,000	-	-	-	5,602,000
Construction in progress	-	286,975	-	(286,097)	878
Total nondepreciable assets	5,794,436	286,975	-	(286,097)	5,795,314
Depreciable assets:					
Water treatment plant and systems	71,297,531	-	-	-	71,297,531
Sewer pipes	11,291,681	-	-	286,097	11,577,778
Automotive equipment	3,472,481	-	(222,054)	-	3,250,427
Furniture and equipment	364,556	28,605	-	-	393,161
Total capital assets, being depreciated	86,426,249	28,605	(222,054)	286,097	86,518,897
Less accumulated depreciation:					
Water treatment plant and systems	(36,327,051)	(1,631,440)	-	-	(37,958,491)
Sewer pipes	(6,968,263)	(154,819)	-	-	(7,123,082)
Automobile equipment	(2,701,709)	(99,881)	222,054	-	(2,579,536)
Furniture and equipment	(222,993)	(24,790)	-	-	(247,783)
Total accumulated depreciation	(46,220,016)	(1,910,930)	222,054	-	(47,908,892)
Total depreciable assets, net	40,206,233	(1,882,325)	-	286,097	38,610,005
Business-type activities capital assets, net	\$ 46,000,669	\$ (1,595,350)	\$ -	\$ -	\$ 44,405,319

Depreciation expense for business-type activities for the fiscal year ended June 30, 2018 was charged as follows:

Water Utility	\$ 1,695,966
Sewer Maintenance	214,964
Transit System	-
Total depreciation expense	\$ 1,910,930

B. Fund Financial Statements

The governmental fund financial statements do not present capital assets. Consequently, capital assets are presented as reconciling items in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 5 – Long-Term Liabilities

A. Governmental Activities

A summary of changes in long-term liabilities for governmental activities for the fiscal year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Restatement	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in more than One Year
2011 General Obligation Bonds	\$ 6,620,000	\$ -	\$ -	\$ (320,000)	\$ 6,300,000	\$ 335,000	\$ 5,965,000
2012 General Obligation Bonds	5,190,000	-	-	(270,000)	4,920,000	280,000	4,640,000
Subtotal	12,375,000	-	-	(590,000)	11,220,000	615,000	10,605,000
Add deferred amounts:							
Bond premium - 2011 GOB	315,237	-	-	(22,265)	292,972	22,265	270,707
Bond premium - 2012 GOB	273,802	-	-	(19,345)	254,457	19,345	235,112
Subtotal	630,649	-	-	(41,610)	547,429	41,610	505,819
Total bonds payable	13,005,649	-	-	(631,610)	11,767,429	656,610	11,110,819
Claims and judgments payable	7,662,227	-	970,268	(1,184,235)	7,448,260	1,828,075	5,620,185
Compensated absences	2,685,093	-	1,898,823	(1,898,320)	2,685,596	1,898,320	787,276
Net OPEB obligation	1,818,464	14,950,944	1,848,570	(1,817,784)	16,800,194	-	16,800,194
Net pension liabilities	125,497,198	-	48,934,576	(35,655,352)	138,776,422	-	138,776,422
Total	\$ 131,358,572	\$ 14,950,944	\$ 53,652,237	\$ (41,187,301)	\$ 177,477,901	\$ 4,383,005	\$ 173,094,896

Typically, the General Fund has been used to liquidate the liability for compensated absences, claims and judgments payable, net other postemployment benefits, and net pension liabilities.

2011 General Obligation Bonds – Original Issue \$8,000,000

In May 2011, the City issued General Obligation Bonds in the amount of \$8,000,000. The bonds were authorized at an election on April 11, 2006, at which more than two-thirds of the persons voting on the proposition voted to authorize the issuance and sale of the bonds. The purpose of the bonds was to finance the costs of constructing, installing, acquiring and improving of a grade separation at the intersection of Santa Anita Avenue and the proposed Foothill Extension of the Metropolitan Transit Authority Gold Line.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 5 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2011 General Obligation Bonds – Original Issue \$8,000,000 (Continued)

The bonds consisted of \$3,545,000 of serial bonds and \$4,455,000 of term bonds. The serial bonds accrue interest at rates between 2.00% and 5.00% and mature between August 1, 2012 and August 1, 2022. The term bonds accrue interest at a rate ranging from 3.50% to 4.20% and mature between August 1, 2024 and August 1, 2031. Bonds maturing on or after August 1, 2024 shall be subject to mandatory sinking fund redemption, in part by lot, prior to their stated maturity at redemption prices equal to 100% of the principal amount. There are no future revenues pledged for payment of principal and interest on these bonds.

The amount of bonds outstanding at June 30, 2018 totaled \$6,300,000.

The annual debt service requirements on these bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 335,000	\$ 258,745	\$ 593,745
2020	350,000	241,620	591,620
2021	370,000	223,620	593,620
2022	385,000	204,745	589,745
2023	405,000	184,995	589,995
2024 - 2028	2,285,000	674,348	2,959,348
2029 - 2032	2,170,000	186,390	2,356,390
TOTAL	<u>\$ 6,300,000</u>	<u>\$ 1,974,463</u>	<u>\$ 8,274,463</u>

2012 General Obligation Refunding Bonds – Original Issue \$6,135,000

In September 2012, the City issued General Obligation Refunding Bonds in the amount of \$6,135,000. The bonds were authorized by City Council. The purpose of the bonds was to refund the 2001 A General Obligation Bonds and to pay costs relating to the issuance the bonds and the refunding of the prior bonds, which were issued for the construction of the City's Police Station. The refunding reduced the net true interest cost from 5.1% originally to 2.16% and saved \$1.55 million in present value.

Bonds maturing in the years 2013 to 2031 are serial bonds payable August 1 in annual installments of \$185,000 to \$420,000. The bonds bear interest at 2.00% to 5.00% due February 1 and August 1 of each year. Bonds maturing on or after August 1, 2023 are subject to optional redemption in whole or in part on any date commencing August 1, 2022. The bonds are payable solely from ad valorem property taxes.

The amount of bonds outstanding at June 30, 2018 totaled \$4,920,000.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 5 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2012 General Obligation Refunding Bonds – Original Issue \$6,135,000 (Continued)

The annual debt service requirements on these bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 280,000	\$ 136,025	\$ 416,025
2020	290,000	124,625	414,625
2021	305,000	112,725	417,725
2022	320,000	100,225	420,225
2023	330,000	88,875	418,875
2024 - 2028	1,785,000	330,238	2,115,238
2029 - 2032	1,610,000	97,438	1,707,438
TOTAL	<u>\$ 4,920,000</u>	<u>\$ 990,150</u>	<u>\$ 5,910,150</u>

Claims and Judgments Payable

The amount of claims and judgments payable at June 30, 2018 was \$7,448,260. See Note 7B for details.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation) in the governmental activities has been accrued and amounted to \$2,685,596.

B. Business-Type Activities

A summary of changes in long-term liabilities for business-type activities for the fiscal year ended June 30, 2017 is as follows:

	Balance July 1, 2017	Restatement	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in more than One Year
Compensated absences	\$ 123,452	\$ -	\$ 100,737	\$ (95,878)	\$ 128,311	\$ 95,878	\$ 32,433
Net OPEB obligation	190,116	524,731	78,801	(77,489)	716,159	-	716,159
Net pension liabilities	8,158,840	-	3,784,121	(2,845,034)	9,097,927	-	9,097,927
Total long-term debt	<u>\$ 8,472,408</u>	<u>\$ 524,731</u>	<u>\$ 3,963,659</u>	<u>\$ (3,018,401)</u>	<u>\$ 9,942,397</u>	<u>\$ 95,878</u>	<u>\$ 9,846,519</u>

Compensated Absences

In the proprietary funds, the liability for vested and unpaid compensated absences (accrued vacation) is reported in the fund as the benefits are vested and earned. The compensated absences accrued in the proprietary funds amounted to \$128,311 at June 30, 2018.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 5 – Long-Term Liabilities (Continued)

C. Fiduciary Activities

A summary of changes in long-term debt for the private-purpose trust fund for the fiscal year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in more than One Year
2001A Tax Allocation Bonds	\$ 4,000,000	\$ -	\$ (585,000)	\$ 3,415,000	\$ 615,000	\$ 2,800,000
2010 Tax Allocation Bonds	15,110,000	-	(975,000)	14,135,000	1,025,000	13,110,000
Subtotal	19,110,000	-	(1,560,000)	17,550,000	1,640,000	15,910,000
Less deferred amounts:						
Bond discount	(243,291)	-	26,645	(216,646)	(26,645)	(190,001)
Total bonds payable	\$ 18,866,709	\$ -	\$ (1,533,355)	\$ 17,333,354	\$ 1,613,355	\$ 15,719,999

2001 A Tax Allocation Bonds – Original Issue \$11,655,000

In June 2001, the former Redevelopment Agency issued tax allocation bonds, Series 2001 A in the amount of \$11,655,000. The purpose of the bonds was to finance public capital improvements including part of the cost of a police station, a fire station, other public capital improvements, repayment of a City loan, and to refund the 1989 Redevelopment Agency Tax Allocation Refunding Bonds.

The bonds consisted of \$9,500,000 of serial bonds and \$2,155,000 of term bonds. The serial bonds accrue interest at rates between 4.25% and 5.125% and mature between May 1, 2002 and May 1, 2020. The term bonds accrue interest at a rate of 5.25% and mature on May 1, 2023. Serial bonds maturing on or after May 1, 2009, shall be subject to redemption, at the option of the former Redevelopment Agency on any date on or after May 1, 2009 at redemption prices ranging from 100% to 101%. Term bonds maturing on May 1, 2023 are subject to mandatory redemption in whole or in part by lot, without premium, commencing May 1, 2021, from sinking fund payments made by the former Redevelopment Agency.

The bond agreement requires the Successor Agency to pledge its annual tax revenues in an amount equal to at least 125% of the annual debt service requirement each fiscal year, through final maturity of the Bonds on May 1, 2023 or early retirement of the Bonds, whichever occurs first. The ratio of net revenues to the debt service payments due during the year ended June 30, 2018 was 7.52 (752%)

Revenues received by the Successor Agency from the Redevelopment Property Tax Trust Fund (“RPTTF”) have been pledged for the payment of principal and interest on these bonds. Principal and interest paid for the current year amounted to \$789,269 and total net revenues reported by the Successor Agency was \$2,320,008.

The amount of bonds outstanding at June 30, 2018 totaled \$3,415,000 in the Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 5 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

2001 A Tax Allocation Bonds – Original Issue \$11,655,000 (Continued)

The annual debt service requirements on these bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 615,000	\$ 175,019	\$ 790,019
2020	645,000	143,500	788,500
2021	680,000	110,444	790,444
2022	720,000	75,594	795,594
2023	755,000	38,693	793,693
TOTAL	<u>\$ 3,415,000</u>	<u>\$ 543,250</u>	<u>\$ 3,958,250</u>

2010 Tax Allocation Bonds – Original Issue \$19,830,000

In September 2010, the former Redevelopment Agency issued tax allocation bonds, Series 2010 in the amount of \$19,830,000. The purpose of the bonds was to finance the redevelopment project including land acquisition, land improvements, business rehabilitation, capital improvements and repayment of an existing obligation to the former Redevelopment Agency's low and moderate income housing fund, and to refund the 2001B Redevelopment Agency Tax Allocation Bonds.

The bonds consisted of all serial bonds with maturity between September 1, 2011 to September 1, 2026 at accrued interest rates between 1.999% and 6.625%. Serial bonds maturing on or after September 1, 2020, shall be subject to redemption, at the option of the Successor Agency on any date on or after September 1, 2020, as a whole or in part, at redemption prices equal to the principal amount.

The bond agreement requires the Successor Agency to pledge its annual tax revenues in an amount equal to at least 125% of the annual debt service requirement each fiscal year, through final maturity of the bonds on May 1, 2026 or early retirement of the bonds, whichever occurs first. The ratio of net revenues to the debt service payments due during the fiscal year ended June 30, 2018 was 3.18 (318%).

RPTTF revenues received by the Successor Agency have been pledged for the payment of principal and interest on these bonds. Principal and interest paid for the current year amounted to \$1,867,850 and total net revenues reported by the Successor Agency were \$2,320,008.

The amount of bonds outstanding at June 30, 2018 totaled \$14,135,000 in the Successor Agency to the Arcadia Redevelopment Agency Private-Purpose Trust Fund.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 5 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

2010 Tax Allocation Bonds – Original Issue \$19,830,000 (Continued)

The annual debt service requirements on these bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,025,000	\$ 841,569	\$ 1,866,569
2020	1,075,000	785,100	1,860,100
2021	1,135,000	723,615	1,858,615
2022	1,200,000	656,444	1,856,444
2023	1,265,000	583,244	1,848,244
2024 - 2027	8,435,000	1,220,828	9,655,828
TOTAL	<u>\$ 14,135,000</u>	<u>\$ 4,810,800</u>	<u>\$ 18,945,800</u>

Note 6 – Expenditures in Excess of Appropriations

The following funds had expenditures in excess of budget:

Fund	Appropriations	Expenditures	Excess Expenditures over Appropriations
Major Governmental Fund			
General Fund:			
General government:			
General City	\$ 1,773,303	\$ 1,946,674	\$ 173,371
Public safety:			
Fire	14,917,673	15,697,715	780,042
Nonmajor Governmental Funds:			
Special Revenue Funds:			
Narcotics Seizure:			
Police	148,900	161,340	12,440
CDBG:			
Recreation and community services	63,400	66,300	2,900
Proposition A Transit:			
Public works services	114,800	117,241	2,441
Recreation and community services	16,100	16,284	184
State and County Gas Tax:			
Public works services	2,000	2,076	76
Used Oil Grants:			
Public works services	6,000	15,980	9,980

Sufficient revenues were available to fund the excess expenditures in all funds.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 7 – Risk Management

A. Coverage

The City retains a level of risk for both general liability and worker's compensation.

General Liability

The City is self-insured for the first \$500,000 on each general liability claim against the City. The insurance coverage in excess of the self-insured amount is provided by California Insurance Pool Authority ("CIPA"), a public entity risk pool currently operating as a common risk management and insurance program for 12 California cities. Effective July 1, 2006, the City became a member of the CIPA. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the CIPA provides that the pool will be self-sustaining through member premiums. The City continues to use commercial companies for all other risks of loss, including property insurance, auto physical damage insurance and special events insurance. The CIPA has published its own financial report for the fiscal year ended June 30, 2018, which can be obtained from 240 Newport Center Drive, Suite 210, Newport Beach, CA 92660.

As a member of CIPA, any losses in excess of the City's self-insured amount up to \$2,000,000 are shared by all participating members. Costs of covered claims above \$2,000,000 to \$40,000,000 per occurrence are currently paid by reinsurance acquired by CIPA.

Workers' Compensation

The City has had a self-insured workers' compensation program for a number of years. For the 2017-2018 fiscal year, the self-insured retention was \$500,000. Beginning July 1, 2006, the insurance in excess of the self-insured amount is provided by CIPA. As a member of CIPA, all participating members share any losses in excess of the City's self-insured amount up to \$3,000,000. Costs covered claims above \$3,000,000 to 25,000,000 per occurrence are currently paid by reinsurance acquired by CIPA.

B. Claims Activity

Claims expenses and liabilities were reported when they were probable that a loss had occurred and the amount of that loss can be reasonably estimated. At June 30, 2018, the amount of these liabilities was \$7,448,260 and was the City's best estimate based on available information. The liabilities for unpaid claims were calculated using actuarial methods and assumptions with the conclusions consistent with GASB Statement No. 10. The liabilities included allocated loss adjustment expenses containing case reserves, the development on known claims and incurred but not reported claims. It did not include a provision for non-incremental expenses.

A summary of the changes in claims liabilities for the past three fiscal years follows:

Fiscal Year Ending June 30,	Claims Payable July 1	Claims Incurred during the Fiscal Year	Claims Payments	Fiscal Year Ended June 30
2016	\$ 7,376,079	\$ 2,356,943	\$ (1,505,378)	\$ 8,227,644
2017	8,227,644	788,703	(1,354,120)	7,662,227
2018	7,662,227	970,268	(1,184,235)	7,448,260

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 7 – Risk Management (Continued)

B. Claims Activity (Continued)

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Note 8 – Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plan

Plan Descriptions – All qualified employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 8 – Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

City Miscellaneous Plan				
	Tier I	Hybrid	Tier II	Tier III
Hire date	Prior to July 1, 2011	Hired between July 1, 2011 - October 8, 2011	On or after October 9, 2011	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	50-63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	2.0% - 2.5%	1.092%-2.418%	1.0% to 2.5%
Required employee contribution rates	Total 8%. 7% paid by City (EMPC)	8.00%	7.00%	6.00%
Required employer contribution rates	Total 28.374%. Employee pays 8% of employer cost through cost-sharing	28.374%	28.374%	28.374%

City Safety Plan				
	Tier I	Hybrid	Tier II	Tier III
Hire date	Prior to July 1, 2011	Hired between July 1, 2011 - October 8, 2011	On or after October 9, 2011	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-55	52 - 67
Monthly benefits, as a % of eligible compensation	3.0%	3.0%	2.4%-3.0%	1.0% to 2.5%
Required employee contribution rates	Total 9%. 9% paid by City (EMPC)	9.00%	9.00%	10.75%
Required employer contribution rates	Total 49.680%. Employee pays 9% of employer cost through cost-sharing	49.680%	49.680%	49.680%

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	316	226
Inactive employees entitled to but not yet receiving b 343	343	104
Active employees	187	119
Total	846	449

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 8 – Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal in Accordance with the Requirements of GASB 68	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	7.15 % Net of Pension Plan Investment Expenses, includes Inflation	
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

(1) The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 8 – Pension Plan (Continued)

B. Net Pension Liability (Continued)

Change of Assumptions – In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 8 – Pension Plan (Continued)

B. Net Pension Liability (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

Subsequent Events - There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources - Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on investments 5 years straight-line amortization

All other amounts Straight-line amortization over the average expected remaining service lives (EARS) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 8 – Pension Plan (Continued)

C. Changes in the Net Pension Liability

The change in the Net Pension Liability for each Plan follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	<u>\$ 137,090,647</u>	<u>\$ 93,325,304</u>	<u>\$ 43,765,343</u>
Changes during the year:			
Service Cost	2,479,413	-	2,479,413
Interest on the Total Pension Liability	10,112,665	-	10,112,665
Change of Assumptions	8,439,391	-	8,439,391
Differences between Expected and Actual Experience	(1,844,825)	-	(1,844,825)
Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	3,547,604	(3,547,604)
Contribution from the Employees	-	1,013,824	(1,013,824)
Net investment income	-	10,572,689	(10,572,689)
Benefit Payments	(6,978,080)	(6,978,080)	-
Administrative Expense	-	(137,789)	137,789
Net Changes	<u>12,208,564</u>	<u>8,018,248</u>	<u>4,190,316</u>
Balance at June 30, 2017	<u>\$ 149,299,211</u>	<u>\$ 101,343,552</u>	<u>\$ 47,955,659</u>

Public Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	<u>\$ 228,763,166</u>	<u>\$ 138,872,471</u>	<u>\$ 89,890,695</u>
Changes during the year:			
Service Cost	4,421,293	-	4,421,293
Interest on the Total Pension Liability	16,966,601	-	16,966,601
Change of Assumptions	14,657,803	-	14,657,803
Differences between Expected and Actual Experience	(2,513,643)	-	(2,513,643)
Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	6,660,024	(6,660,024)
Contribution from the Employees	-	1,401,873	(1,401,873)
Net investment income	-	15,647,198	(15,647,198)
Benefit Payments	(11,645,698)	(11,645,698)	-
Administrative Expense	-	(205,036)	205,036
Net Changes	<u>21,886,356</u>	<u>11,858,361</u>	<u>10,027,995</u>
Balance at June 30, 2017	<u>\$ 250,649,522</u>	<u>\$ 150,730,832</u>	<u>\$ 99,918,690</u>

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 8 – Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate –The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 68,365,809	\$ 135,578,813
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 47,955,659	\$ 99,918,690
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 31,226,929	\$ 70,863,118

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$7,686,450 and \$13,369,811 for Miscellaneous and Safety plan respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 3,958,798	\$ -	\$ 7,464,240	\$ -
Changes of Assumptions	4,603,304	-	10,469,859	(664,674)
Differences between Expected and Actual Experiences	274	(1,006,268)	859,098	(1,795,459)
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,125,385	-	1,787,959	-
Total	<u>\$ 9,687,761</u>	<u>\$ (1,006,268)</u>	<u>\$ 20,581,156</u>	<u>\$ (2,460,133)</u>

\$11,423,038 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30	Miscellaneous	Safety
2018	\$ 2,850,642	\$ 3,245,376
2019	2,136,099	6,016,201
2020	536,599	2,566,727
2021	(800,645)	(1,171,521)

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 9 – Postemployment Health Care Benefits

At June 30, 2018, net OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Contribution subsequent to measurement date	\$ 1,764,082	\$ 75,199	\$ 1,839,281
Total deferred outflows of resources	<u>\$ 1,764,082</u>	<u>\$ 75,199</u>	<u>\$ 1,839,281</u>
Net OPEB liabilities:	\$ 16,800,194	\$ 716,159	\$ 17,516,353
Total net OPEB liabilities	<u>\$ 16,800,194</u>	<u>\$ 716,159</u>	<u>\$ 17,516,353</u>
Deferred inflows of Resources:			
Net differences between projected and actual earnings of investments	\$ 44,401	\$ 1,893	\$ 46,294
Total deferred inflows of resources	<u>\$ 44,401</u>	<u>\$ 1,893</u>	<u>\$ 46,294</u>

Plan Description

In addition to the retirement plan describe in Note 8, the City also provides certain health insurance benefits, in accordance with the fringe benefits resolution, to retired employees. The City Council has the authority to establish and amend the benefits offered by the single-employer plan. On August 16, 2011, the City Council approved contracts with employees capping the maximum monthly retiree health benefit contribution made by the City for existing employees who retire on or after January 1, 2012; reducing retiree health insurance benefits for employees hired on or after January 1, 2012 to the mandatory minimum contribution established by California Government Code Section 22892(b). An eligible retiree is an employee who retires on a service retirement and has 125 days of accumulated sick leave at the date of retirement. Such payment shall cease by the employee's sixty-fifth (65) birthday. If the retired employee has other group medical coverage available to them, then this other group insurance shall be primary and the City's health insurance plan shall function as a secondary coinsurance. An employee who has fewer than 125 days of accumulated sick leave at the date of retirement may become eligible for coverage by paying the City an amount equal to the employee's daily pay rate at the time of retirement times the number of days needed to meet the 125 days of accumulated sick leave requirement with restrictions. The requirement varies slightly among different employee groups.

The City also provides a \$10,000 group term life insurance plan to management employees who retire after July 1, 1979, but who were hired into a management classification prior to September 21, 1982, in accordance with the controlling provisions of the plan. The City has a separate insurance policy for the remaining 15 active plan participants.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 9 – Postemployment Health Care Benefits (Continued)

Eligibility

Employees of the City are eligible for retiree health benefits if they are between 50-55 years of age as of the last day of work prior to retirement and are a vested member of CalPERS. Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active plan members	308
Inactive employees or beneficiaries currently receiving benefit payments	143
Inactive employees entitled to but not yet receiving benefit payments	-
Total	<u>451</u>

Contribution

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the fiscal year ended June 30, 2018, the City makes contributions based on an actuarially determined rate.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Funding method	Entry Age Normal Cost, level percent of pay
Discount Rate	7.28% as of June 30, 2017 and as of June 30, 2016
Inflation	2.75%
Aggregate payroll Increases	3.00%
Expected Long-Term Investment Rate of Return	7.28% as of June 30, 2017 and as of June 30, 2016
Mortality Improvement Scale	MacLeod Watts Scale 2017 applied generationally
PPACA High Cost Plan Excise Tax	40% excise tax rate applied to the portion of premiums project to exceed 2018 threshold
Healthcare Tread Rate	An annual healthcare cost trend rate of 8.0% initially reduced by decrements to an ultimate of 5.0% therefore.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.28 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 9 – Postemployment Health Care Benefits (Continued)

Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2016	\$ 18,844,803	\$ 1,360,548	\$ 17,484,255
Changes Recognized for the Measurement Period:			
Service Cost	553,903	-	553,903
Interest on the total OPEB liability	1,373,468	-	1,373,468
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	1,715,575	(1,715,575)
Net investment income	-	180,573	(180,573)
Administrative expenses	-	(875)	875
Benefit payments	(1,064,775)	(1,064,775)	-
Net Changes during July 1, 2016 to June 30, 2017	862,596	830,498	32,098
Balance at June 30, 2017 (Measurement Date)	\$ 19,707,399	\$ 2,191,046	\$ 17,516,353

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.28 percent) or 1-percentage-point higher (7.28 percent) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Current Discount Rate - 1% (6.28%)	Current Discount Rate (7.28%)	Current Discount Rate + 1% (8.28%)
\$ 19,413,637	\$ 17,516,353	\$ 15,874,281

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5 percent) or 1-percentage-point higher (8.5 percent) than the current healthcare cost trend rates:

Plan's Net OPEB Liability (Asset)		
Current Trend Rate - 1% (6.5%)	Healthcare Cost Trend Rate (7.5%)	Current Trend Rate + 1% (8.5%)
\$ 15,516,580	\$ 17,516,353	\$ 20,192,371

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report.

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 9 – Postemployment Health Care Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$1,793,967. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net differences between projected and actual earnings on investments	\$ -	\$ 46,294
Contribution made subsequent to the measurement date	1,839,281	-
Total	<u>\$ 1,839,281</u>	<u>\$ 46,294</u>

The net difference between projected OPEB plan investment earnings and actual earnings is amortized over a five years period. The other amounts are amortized using straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the measurement period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

The City will recognize the contribution made subsequent to the measurement date in the next fiscal year. Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement period ended June 30,	
2018	\$ (11,574)
2019	(11,574)
2020	(11,574)
2021	(11,572)
2022	-
Thereafter	-
Total	<u>\$ (46,294)</u>

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 10 – Classification of Fund Balances

At June 30, 2018, fund balances are classified as follows:

	General	Parks and Recreation	Capital Outlay	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepaid items and deposits	\$ 83,465	\$ -	\$ -	\$ 3,000	\$ 86,465
Inventories	985,511	-	-	-	985,511
Total nonspendable	1,068,976	-	-	3,000	1,071,976
Restricted:					
Debt service	-	-	-	869,173	869,173
Law enforcement	-	-	-	925,971	925,971
Transportation / streets	-	-	-	9,940,521	9,940,521
Parks and recreation	-	10,905,784	-	-	10,905,784
Solid waste	-	-	-	1,585,551	1,585,551
Clean air	-	-	-	95,547	95,547
Street lighting	-	-	-	152,197	152,197
Library	-	-	-	624	624
Cable access	-	-	-	701,515	701,515
Recycling	-	-	-	31,027	31,027
Total restricted	-	10,905,784	-	14,302,126	25,207,910
Assigned:					
Capital improvements	-	-	11,404,087	-	11,404,087
Equipment replacement	7,502,435	-	-	-	7,502,435
Self-insurance	3,475,241	-	-	-	3,475,241
Emergency reserves	10,147,111	-	-	-	10,147,111
PERS fund reserves	1,351,601	-	-	-	1,351,601
Medical/dental fund	353,056	-	-	-	353,056
Total assigned	22,829,444	-	11,404,087	-	34,233,531
Unassigned	7,225,918	-	-	(3,627)	7,222,291
Total	\$ 31,124,338	\$ 10,905,784	\$ 11,404,087	\$ 14,301,499	\$ 67,735,708

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 10 – Classification of Fund Balances (Continued)

At June 30, 2018, outstanding encumbrances are as follows:

<u>Funds</u>	<u>Amount</u>
General Fund	\$ 1,201,148
Capital Outlay Capital Projects Fund	1,624,696
Water Utility Fund	610,085
Sewer Maintenance Fund	326,909
Transit System Fund	573,753
Nonmajor Governmental Funds	1,720,447
Total	<u><u>\$ 6,057,038</u></u>

Note 11 – Deficit Fund Balances/Net Position

As of June 30, 2018, deficit fund balances/net position were recorded as follows:

Statement of Net Position	
Governmental Activities	\$ 23,074,199
Major Proprietary Fund:	
Transit System Fund	\$ 413,069
Nonmajor Special Revenue Fund:	
Homeland Security Fund	\$ 3,627
Fiduciary Fund:	
Successor Agency to the Arcadia Redevelopment	
Agency Private-Purpose Trust Fund	\$ 6,082,489

Note 12 – Restatements

The City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, during fiscal year 2018. The cumulative effect of applying GASB No. 75 has resulted in decrease to the net position/fund balance at July 1, 2017 as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Enterprise Funds</u>
Net Position/Fund Balance at July 1, 2017	\$ 1,274,897	\$ 66,183,250	\$ 66,183,250
Net OPEB obligation	(14,950,944)	(524,731)	(524,731)
Deferred outflows of resources related to OPEB	1,645,433	70,142	70,142
Net Position/Fund Balance (Deficit) at July 1, 2017, as Restated	<u><u>\$ (12,030,614)</u></u>	<u><u>\$ 65,728,661</u></u>	<u><u>\$ 65,728,661</u></u>

City of Arcadia
Notes to the Basic Financial Statements (Continued)
June 30, 2018

Note 13 - Contingencies

A. Lawsuits

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize (See Note 7).

B. Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs were audited in accordance with the provisions of the Uniform Guidance in 2 CFR 200 Subpart Single Audit and applicable State requirements. No cost disallowance is expected as a result of these audits; however, these programs are subject to further examination by the grantors. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Note 14 – Subsequent Events

A. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 83	"Certain Asset Retirement Obligations"	The provision of this statement is effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provision of this statement is effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provision of this statement is effective for fiscal years beginning after December 15, 2019.
Statement No. 88	"Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements"	The provision of this statement is effective for fiscal years beginning after June 15, 2018.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provision of this statement is effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interest-an Amendment of GASB Statements No. 14 and No. 61"	The provision of this statement is effective for fiscal years beginning after December 15, 2018.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

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City of Arcadia
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2018

Budgetary Comparison Schedule, General Fund

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 38,703,700	\$ 38,703,700	\$ 37,797,893	\$ (905,807)
Licenses and permits	4,210,500	4,210,500	4,636,689	426,189
Fines and forfeitures	575,500	575,500	496,828	(78,672)
Use of money and property	1,510,400	1,510,400	1,359,379	(151,021)
Intergovernmental	7,005,500	7,005,500	7,084,640	79,140
Charges for services	4,436,000	4,436,000	5,038,450	602,450
Other revenues	3,117,100	3,117,100	3,152,046	34,946
Total revenues	59,558,700	59,558,700	59,565,925	7,225
EXPENDITURES:				
Current:				
General government:				
City council	233,700	233,700	230,385	3,315
City manager	892,300	1,101,196	866,465	234,731
City clerk	437,800	437,800	411,000	26,800
City attorney	649,300	649,300	580,618	68,682
General city	1,748,200	1,773,303	1,946,674	(173,371)
Administrative services	4,408,300	4,819,079	3,609,092	1,209,987
Public safety:				
Police	22,008,900	22,347,560	20,727,096	1,620,464
Fire	14,854,400	14,917,673	15,697,715	(780,042)
Public works services	3,984,100	4,546,371	3,943,572	602,799
Community development	4,557,900	4,866,400	4,069,124	797,276
Library	3,856,800	3,938,775	3,746,990	191,785
Recreation and community services	3,289,100	3,312,544	3,180,516	132,028
Total expenditures	60,920,800	62,943,701	59,009,247	3,934,454
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,362,100)	(3,385,001)	556,678	3,941,679
OTHER FINANCING SOURCES (USES):				
Transfers in	1,626,300	1,626,300	1,500,417	(125,883)
Transfers out	(1,492,400)	(1,492,400)	(2,116,845)	(624,445)
Total other financing sources (uses)	133,900	133,900	(616,428)	(750,328)
Net changes in fund balance	\$ (1,228,200)	\$ (3,251,101)	(59,750)	\$ 3,191,351
FUND BALANCE:				
Beginning of fiscal year			31,184,088	
End of fiscal year			<u>\$ 31,124,338</u>	

See accompanying Notes to the Required Supplementary Information.

City of Arcadia
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2018

Budgetary Comparison Schedule, Parks and Recreation Special Revenue Fund

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 47,900	\$ 47,900	\$ 53,122	\$ 5,222
Charges for services	900,000	900,000	916,233	16,233
Total revenues	<u>947,900</u>	<u>947,900</u>	<u>969,355</u>	<u>21,455</u>
EXPENDITURES:				
Current:				
Recreation and community services	24,300	26,116	26,366	(250)
Total expenditures	<u>24,300</u>	<u>26,116</u>	<u>26,366</u>	<u>(250)</u>
Net change in fund balance	<u>\$ 923,600</u>	<u>\$ 921,784</u>	942,989	<u>\$ 21,205</u>
FUND BALANCE:				
Beginning of fiscal year			9,962,795	
End of fiscal year			<u>\$ 10,905,784</u>	

See accompanying Notes to the Required Supplementary Information.

City of Arcadia
Note to the Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

A. General Budget Policies

All governmental funds have legally adopted budgets. Budgets are developed in accordance with U.S. GAAP. The City Council approves each fiscal year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period are also approved by the Council. Several supplemental appropriations were made during the fiscal year. Intrafund budget changes are approved by the City Manager. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. At fiscal year-end, all unencumbered operating budget appropriations lapse with the exception of continuing appropriations.

B. Continuing Appropriations

At fiscal year-end, all unencumbered appropriations lapse, however, certain unexpended capital funds are carried over into the next fiscal year's budget.

C. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, special revenue, and similar governmental funds. Encumbrances outstanding at fiscal year-end represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at fiscal year-end are completed. They do not constitute expenditures or estimated liabilities.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*

Schedule of Changes in the Net Pension Liability and Related Ratios

Employer Fiscal Year	Miscellaneous Plan 2018	Public Safety 2018	Miscellaneous Plan 2017	Public Safety 2017
Measurement Period	2016-17 ¹	2016-17 ¹	2015-16 ¹	2015-16 ¹
Total Pension Liability				
Service Cost	\$ 2,479,413	\$ 4,421,293	\$ 2,154,256	\$ 3,814,364
Interest on the Total Pension Liability	10,112,665	16,966,601	9,896,489	16,526,033
Changes of Assumptions	8,439,391	14,657,803	-	-
Difference between Expected and Actual Experience	(1,844,825)	(2,513,643)	3,004	1,423,294
Benefit Payments, including Refunds of Employee Contributions	(6,978,080)	(11,645,698)	(6,497,665)	(11,393,253)
Net Change in Total Pension Liability	12,208,564	21,886,356	5,556,084	10,370,438
Total Pension Liability - Beginning	137,090,647	228,763,166	131,534,563	\$ 218,392,728
Total Pension Liability - Ending (a)	\$ 149,299,211	\$ 250,649,522	\$ 137,090,647	\$ 228,763,166
Plan Fiduciary Net Position				
Contribution from the Employer	\$ 3,547,604	\$ 6,660,024	\$ 3,252,745	\$ 6,049,364
Contribution from the Employees	1,013,824	1,401,873	1,052,718	1,323,542
Net investment income	10,572,689	15,647,198	487,596	704,558
Benefit Payments	(6,978,080)	(11,645,698)	(6,497,665)	(11,393,253)
Plan to Plan Resource Movement	-	-	(186)	186
Administrative Expense	(137,789)	(205,036)	(57,951)	(86,709)
Net Change in Plan Fiduciary Net Position	8,018,248	11,858,361	(1,762,743)	(3,402,312)
Plan Fiduciary Net Position - Beginning	93,325,304	138,872,471	95,088,047	142,274,783
Plan Fiduciary Net Position - Ending (b)	\$ 101,343,552	\$ 150,730,832	\$ 93,325,304	\$ 138,872,471
Net Pension Liability - Ending (a)-(b)	\$ 47,955,659	\$ 99,918,690	\$ 43,765,343	\$ 89,890,695
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 67.88%	 60.14%	 68.08%	 60.71%
 Covered Payroll	 \$ 13,759,226	 \$ 14,774,086	 \$ 13,185,552	 \$ 14,384,057
 Net Pension Liability as Percentage of Covered Payroll	 348.53%	 676.31%	 331.92%	 624.93%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

Note to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only four fiscal years are shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*

Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)

Employer Fiscal Year	Miscellaneous Plan 2016	Public Safety 2016	Miscellaneous Plan 2015	Public Safety 2015
Measurement Period	2014-15 ¹	2014-15 ¹	2013-14 ¹	2013-14 ¹
Total Pension Liability				
Service Cost	\$ 2,219,359	\$ 3,763,633	\$ 2,248,238	\$ 3,861,700
Interest on the Total Pension Liability	9,503,789	15,776,405	9,195,374	15,027,164
Changes of Assumptions	(2,327,431)	(3,988,041)	-	-
Difference between Expected and Actual Experience	(1,103,125)	1,494,687	-	-
Benefit Payments, including Refunds of Employee Contributions	(6,622,897)	(10,986,006)	(6,119,226)	(9,976,294)
Net Change in Total Pension Liability	1,669,695	6,060,678	5,324,386	8,912,570
Total Pension Liability - Beginning	129,864,868	212,332,050	124,540,482	203,419,480
Total Pension Liability - Ending (a)	\$ 131,534,563	\$ 218,392,728	\$ 129,864,868	\$ 212,332,050
Plan Fiduciary Net Position				
Contribution from the Employer	\$ 3,005,140	\$ 5,537,175	\$ 2,723,852	\$ 5,003,393
Contribution from the Employees	1,041,598	1,299,531	1,050,853	1,500,951
Net investment income	2,193,768	3,239,139	14,566,912	22,017,842
Benefit Payments	(6,622,897)	(10,986,006)	(6,119,226)	(9,976,294)
Plan to Plan Resource Movement	(420)	(23,206)	-	-
Administrative Expense	(107,014)	(160,137)	-	-
Net Change in Plan Fiduciary Net Position	(489,825)	(1,093,504)	12,222,391	18,545,892
Plan Fiduciary Net Position - Beginning	95,577,872	143,368,287	83,355,481	124,822,395
Plan Fiduciary Net Position - Ending (b)	\$ 95,088,047	\$ 142,274,783	\$ 95,577,872	\$ 143,368,287
Net Pension Liability - Ending (a)-(b)	\$ 36,446,516	\$ 76,117,945	\$ 34,286,996	\$ 68,963,763
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 72.29%	 65.15%	 73.60%	 67.52%
 Covered Payroll	 \$ 13,353,541	 \$ 14,161,240	 \$ 12,766,824	 \$ 14,011,974
 Net Pension Liability as Percentage of Covered Payroll	 272.94%	 537.51%	 268.56%	 492.18%

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*

Schedule of Contributions¹

		Miscellaneous Plan	
Employer Fiscal Year End	2018	2017	2016
Actuarially Determined Contribution	\$ 3,958,798	\$ 3,547,604	\$ 3,252,745
Contributions in Relation to the Actuarially Determined Contribution	(3,958,798)	(3,547,604)	(3,252,745)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 13,805,613	\$ 13,759,226	\$ 13,185,552
Contributions as a Percentage of Covered Payroll	28.68%	25.78%	24.67%

	Miscellaneous Plan
Employer Fiscal Year End	2015
Actuarially Determined Contribution	\$ 3,005,140
Contributions in Relation to the Actuarially Determined Contribution	(3,005,140)
Contribution Deficiency (Excess)	\$ -
Covered Payroll	\$ 13,353,541
Contributions as a Percentage of Covered Payroll	22.50%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2015 public agency valuations.

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate (net of administrative expenses)	7.50%
Salary Growth	Annual increase vary by category, entry age, and duration of service. (3.2% to 12.2%)
Overall Payroll Growth	3.00 percent compounded annually
Inflation	2.75 percent compounded annually

* Fiscal year 2015 was the 1st year of implementation, therefore only four fiscal years are shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*

Schedule of Contributions¹

	Public Safety Plan		
Employer Fiscal Year End	2018	2017	2016
Actuarially Determined Contribution	\$ 7,464,240	\$ 6,660,024	\$ 6,049,364
Contributions in Relation to the Actuarially Determined Contribution	(7,464,240)	(6,660,024)	(6,049,364)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 15,111,516	\$ 14,774,086	\$ 14,384,057
Contributions as a Percentage of Covered Payroll	49.39%	45.08%	42.06%

	Public Safety Plan
Employer Fiscal Year End	2015
Actuarially Determined Contribution	\$ 5,537,175
Contributions in Relation to the Actuarially Determined Contribution	(5,537,175)
Contribution Deficiency (Excess)	\$ -
Covered Payroll	\$ 14,161,240
Contributions as a Percentage of Covered Payroll	39.10%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2015 public agency valuations.

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate (net of administrative expenses)	7.50%
Salary Growth	Annual increase vary by category, entry age, and duration of service. (3.4% to 20.0%)
Overall Payroll Growth	3.00 percent compounded annually
Inflation	2.75 percent compounded annually

* Fiscal year 2015 was the 1st year of implementation, therefore only four fiscal years are shown.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Schedule of Changes in Net OPEB Liability and Related Ratios

Employer Fiscal Year End	2017-18
Measurement Period	<u>2016-17¹</u>
Total OPEB Liability	
Service Cost	\$ 553,903
Interest on the Total OPEB Liability	1,373,468
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	<u>(1,064,775)</u>
Net Change in Total OPEB Liability	862,596
Total OPEB Liability - Beginning	<u>18,844,803</u>
Total OPEB Liability - Ending	<u>\$ 19,707,399</u>
OPEB Fiduciary Net Position	
Contributions from the Employer	\$ 1,715,575
Net Investment Income	180,573
Administrative Expenses	(875)
Benefit Payments	<u>(1,064,775)</u>
Net Change in Plan Fiduciary Net Position	830,498
Plan Fiduciary Net Position - Beginning	<u>1,360,548</u>
Plan Fiduciary Net Position - Ending	<u>\$ 2,191,046</u>
Plan Net OPEB Liability - Ending	<u>\$ 17,516,353</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>11.12%</u>
Covered-Employee Payroll	\$ 33,578,926
Net OPEB Liability as a Percentage of Covered-Employee Payroll	52.16%

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.

Notes to Schedule:

Change of Assumptions: There were no changes of assumption.

City of Arcadia
Required Supplementary Information (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Schedule of Contributions – OPEB

	Last Ten Fiscal Years ¹
	2017-2018
Actuarially Determine Contribution	\$ 1,828,930
Contributions in Relation to the Actuarially Determined Contribution	<u>1,839,281</u>
Contribution Deficiency (Excess)	<u>\$ (10,351)</u>
Cover Employee Payroll During Fiscal Year	\$ 33,785,974
Contributions as a Percentage of Covered Employee Payroll	5.44%

¹ GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation. Fiscal year 2018 was the 1st year of implementation, therefore only one fiscal years are shown.

Notes to Schedule:

Valuation Date	June 30, 2017
Funding method	Entry Age Normal Cost, level percent of pay
Discount Rate	7.28% as of June 30, 2017 and as of June 30, 2016
Inflation	2.75%
Aggregate payroll Increases	3.00%
Expected Long-Term Investment Rate of Return	7.28% as of June 30, 2017 and as of June 30, 2016
Mortality Improvement Scale	MacLeod Watts Scale 2017 applied generationally
PPACA High Cost Plan Excise Tax	40% excise tax rate applied to the portion of premiums project to exceed 2018 threshold
Healthcare Tread Rate	An annual healthcare cost trend rate of 8.0% initially reduced by decrements to an ultimate of 5.0% therefore.

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SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUND

CAPITAL PROJECTS FUND

Capital Outlay Capital Projects Fund - established to account for all Pari-mutuel revenues received from Santa Anita Race Track. Expenditures from this Fund generally relate to the acquisition of capital, but also includes traffic control in and around the race track.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Narcotics Seizure Fund - established to account for revenues and expenditures related to law enforcement activities.

Citizens' Option for Public Safety Supplemental Law Enforcement Services Fund (COPS SLESF) - established to account for funds distributed in support of the Citizens Option for Public Safety (COPS) Program. Funds must be used for front line police services.

OTS Grant Fund - established to account for the activities of the Selective Traffic Enforcement Grant Program (STEP) coordinated by the Office of Traffic and Safety. The grant is designed to help persons killed and injured in crashes involving alcohol, speed and other primary collision factors. The program supports DUI saturation patrols, and measures that concentrate on seat belt enforcement, intersection operations with disproportion collisions, traffic safety presentations, and motorcycle safety.

Traffic Safety Fund - established to account for fines received on Vehicle Code violations which can be used only for traffic safety expenditures.

Solid Waste Fund - established to account for revenues and expenditures to administer the requirements established by the California Integrated Waste Management Act (AB 939).

Air Quality Management District Fund (AQMD) - established for the administration, studies and implementation of air quality measures.

Community Development Block Grant Fund (CDBG) - established to account for financing the rehabilitation of privately held homes and government infrastructure. Financing is provided by the Federal Housing and Community Development Act.

Proposition A Transit Fund - established to account for the receipts of the City's share of the 1/2 cent sales tax levied in Los Angeles County for local transit uses.

Transportation Impact Fund - established to account for the revenues generated by the Transportation Impact Fee Program and expenditures paid for the intersection improvements identified in the City's Transportation Master Plan. The Transportation Impact Fee Program, which is consistent with state law, establishes a contribution from new development based on the number of P.M. peak-hour vehicle trips added to the City's arterial network.

State and County Gas Tax Fund - established to account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes and funds made available by Los Angeles County. State and County laws require that these gasoline taxes be used to maintain streets.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (Continued)

Measure R Fund - established to account for monies received from Measure R allocation, which can be used to major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeway; pedestrian improvements; streetscapes; signal synchronizations; and transit operations.

Lighting Maintenance Fund - established to account for the maintenance of street lighting systems installed at the request of local residents. Original financing is provided through assessments to the benefiting property owners.

Prop C Local Return Fund - established to account for financial activities for the City's share of Proposition C monies; designated for transportation related activities.

IRS Task Force Fund - established to account for financial activities related to the Department of Treasury Internal Revenue Service Los Angeles Suspicious Activity Reports and Money Services Businesses Task Force.

Santa Anita Grade Separation Fund - established to account for financial activities for the Gold Line Foothill Extension. City management has decided to fund a Gold Line grade separation at Santa Anita Avenue.

Homeland Security Fund - established to account for grants received through the Office of Homeland Security to purchase specialized equipment that would enhance the capabilities of local agencies to respond to incidents of terrorism involving the use of weapons of mass destruction.

Library State Grant Fund - established to account for the monies allocated by the State legislature for augmenting public library funds and for circulation based reimbursements which allows for universal borrowing privileges for the citizens of California.

Public, Education, and Government (PEG) access Television Fund - established to account for the fees received from the cable operators for administration and improvement to any public, educational, and government access television.

Used Oil Grant Fund - established to account for the funding received from the used oil payment program administered by the Department of Resources Recycling and Recovery to provide for used oil and used oil filter collection and recycling and for public education.

DOC Beverage Grant Fund - established to account for funding received from CalRecycle for beverage container recycling and litter cleanup activities.

Road Maintenance and Rehabilitation Act Fund - established to address deferred maintenance on the state highway system and the local street and road system.

Measure M Fund - established to account for monies received from Measure M allocation, which can be used to major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeway; pedestrian improvements; streetscapes; signal synchronizations; and transit operations.

DEBT SERVICE FUND

General Obligation Bonds Debt Service Fund - established to accumulate monies for payment of principal and interest on General Obligation Bonds. Debt service is financed through voter approved indebtedness assessed against property owners.

City of Arcadia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Outlay Capital Projects Fund
For the fiscal year ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 700,000	\$ 700,000	\$ 626,664	\$ (73,336)
Use of money and property	76,500	76,500	57,190	(19,310)
Other revenues	-	-	217,163	217,163
Total revenues	776,500	776,500	901,017	124,517
EXPENDITURES				
Current:				
General government:				
General City	343,600	380,553	391,512	(10,959)
Public safety:				
Police	170,000	212,226	140,638	71,588
Fire	419,000	419,000	20,069	398,931
Public works services	2,686,000	4,202,195	2,285,671	1,916,524
Community development	550,000	2,496,812	863,434	1,633,378
Library	80,000	230,222	78,842	151,380
Recreation and community services	105,000	363,635	49,960	313,675
Total expenditures	4,353,600	8,304,643	3,830,126	4,474,517
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	(3,577,100)	(7,528,143)	(2,929,109)	4,599,034
OTHER FINANCING SOURCES (USES):				
Transfers in	750,000	750,000	1,400,000	650,000
Total other financing sources (uses)	750,000	750,000	1,400,000	650,000
Net change in fund balance	\$ (2,827,100)	\$ (6,778,143)	(1,529,109)	\$ 5,249,034
FUND BALANCE:				
Beginning of fiscal year			12,933,196	
End of fiscal year			<u>\$ 11,404,087</u>	

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue				
	Narcotics Seizure	COPS SLESF	OTS Grant	Traffic Safety	Solid Waste
ASSETS					
Cash and investments	\$ 200,279	\$ 270,581	\$ -	\$ -	\$ 1,465,456
Accounts receivable	-	-	-	-	10,059
Interest receivable	-	947	-	-	5,137
Due from other governments	-	-	17,346	8,976	109,737
Prepaid items and deposits	-	-	-	-	-
Total assets	\$ 200,279	\$ 271,528	\$ 17,346	\$ 8,976	\$ 1,590,389
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 237	\$ -	\$ 2,063	\$ 289
Accrued salaries payable	2,651	1,986	-	-	4,549
Due to other funds	-	-	17,346	6,913	-
Retentions payable	-	-	-	-	-
Total liabilities	2,651	2,223	17,346	8,976	4,838
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	197,628	269,305	-	-	1,585,551
Unassigned	-	-	-	-	-
Total fund balances	197,628	269,305	-	-	1,585,551
Total liabilities and fund balances	\$ 200,279	\$ 271,528	\$ 17,346	\$ 8,976	\$ 1,590,389

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2018

	Special Revenue				
	AQMD	CDBG	Prop A Transit	Transportation Impact	State and County Gas Tax
ASSETS					
Cash and investments	\$ 76,442	\$ -	\$ 1,527,399	\$ 3,075,713	\$ 184,214
Accounts receivable	-	-	-	-	-
Interest receivable	268	-	4,279	11,107	293
Due from other governments	18,889	18,986	-	-	-
Prepaid items and deposits	-	-	3,000	-	-
Total assets	\$ 95,599	\$ 18,986	\$ 1,534,678	\$ 3,086,820	\$ 184,507
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 52	\$ 2,280	\$ -	\$ 126,411	\$ -
Accrued salaries payable	-	503	2,756	-	-
Due to other funds	-	16,203	-	-	-
Retentions payable	-	-	-	5,299	-
Total liabilities	52	18,986	2,756	131,710	-
Fund Balances:					
Nonspendable	-	-	3,000	-	-
Restricted	95,547	-	1,528,922	2,955,110	184,507
Unassigned	-	-	-	-	-
Total fund balances	95,547	-	1,531,922	2,955,110	184,507
Total liabilities and fund balances	\$ 95,599	\$ 18,986	\$ 1,534,678	\$ 3,086,820	\$ 184,507

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2018

	Special Revenue				
	Measure R	Lighting Maintenance	Prop C	IRS Task Force	Santa Anita Grade Separation
ASSETS					
Cash and investments	\$ 1,054,008	\$ 235,610	\$ 1,826,437	\$ 459,038	\$ 1,757,584
Accounts receivable	-	-	98,757	-	-
Interest receivable	2,980	914	6,073	-	6,158
Due from other governments	-	11,590	-	-	-
Prepaid items and deposits	-	-	-	-	-
Total assets	\$ 1,056,988	\$ 248,114	\$ 1,931,267	\$ 459,038	\$ 1,763,742
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 18,128	\$ 88,749	\$ 180,159	\$ -	\$ 2,063
Accrued salaries payable	966	5,167	1,409	-	-
Due to other funds	-	-	-	-	-
Retentions payable	30,500	2,001	9,420	-	-
Total liabilities	49,594	95,917	190,988	-	2,063
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,007,394	152,197	1,740,279	459,038	1,761,679
Unassigned	-	-	-	-	-
Total fund balances	1,007,394	152,197	1,740,279	459,038	1,761,679
Total liabilities and fund balances	\$ 1,056,988	\$ 248,114	\$ 1,931,267	\$ 459,038	\$ 1,763,742

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2018

	Special Revenue				
	Homeland Security	Library State Grant	PEG Access Television	Used Oil Grant	DOC Beverage Grant
ASSETS					
Cash and investments	\$ -	\$ 624	\$ 669,388	\$ 12,762	\$ 18,158
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	2,343	44	63
Due from other governments	-	-	29,784	-	-
Prepaid items and deposits	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 624</u>	<u>\$ 701,515</u>	<u>\$ 12,806</u>	<u>\$ 18,221</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries payable	-	-	-	-	-
Due to other funds	3,627	-	-	-	-
Retentions payable	-	-	-	-	-
Total liabilities	<u>3,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	624	701,515	12,806	18,221
Unassigned	(3,627)	-	-	-	-
Total fund balances	<u>(3,627)</u>	<u>624</u>	<u>701,515</u>	<u>12,806</u>	<u>18,221</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 624</u>	<u>\$ 701,515</u>	<u>\$ 12,806</u>	<u>\$ 18,221</u>

(Continued)

City of Arcadia
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2018

	Special Revenue		Debt Service		Total
	Road Maintenance and Rehabilitation		General Obligation Bonds		Nonmajor Governmental Funds
	Act	Measure M			
ASSETS					
Cash and investments	\$ 50,330	\$ 597,053	\$ 833,339	\$	14,314,415
Accounts receivable	-	-	-		108,816
Interest receivable	175	2,085	2,914		45,780
Due from other governments	121,604	-	32,920		369,832
Prepaid items and deposits			-		3,000
Total assets	\$ 172,109	\$ 599,138	\$ 869,173	\$	14,841,843
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$	420,431
Accrued salaries payable	-	-	-		19,987
Due to other funds	-	-	-		44,089
Retentions payable	8,617	-	-		55,837
Total liabilities	8,617	-	-		540,344
Fund Balances:					
Nonspendable			-		3,000
Restricted	163,492	599,138	869,173		14,302,126
Unassigned	-	-	-		(3,627)
Total fund balances	163,492	599,138	869,173		14,301,499
Total liabilities and fund balances	\$ 172,109	\$ 599,138	\$ 869,173	\$	14,841,843

(Concluded)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Special Revenue				
	Narcotics Seizure	COPS SLESF	OTS Grant	Traffic Safety	Solid Waste
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 503,556
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	193,875	-
Use of money and property	256	1,536	-	-	7,429
Intergovernmental	-	-	62,110	-	-
Charges for services	-	-	-	-	112,829
Other revenues	16,585	139,416	-	-	504
Total revenues	16,841	140,952	62,110	193,875	624,318
EXPENDITURES:					
Current:					
General government:					
General city	-	-	-	-	-
Public safety:					
Police	161,340	129,415	62,110	-	-
Fire	-	-	-	-	-
Public works services	-	-	-	-	376,759
Community development	-	-	-	-	-
Library	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	161,340	129,415	62,110	-	376,759
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(144,499)	11,537	-	193,875	247,559
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(193,875)	(112,829)
Total other financing sources (uses)	-	-	-	(193,875)	(112,829)
Net changes in fund balances	(144,499)	11,537	-	-	134,730
FUND BALANCES (DEFICIT):					
Beginning of fiscal year	342,127	257,768	-	-	1,450,821
End of fiscal year	\$ 197,628	\$ 269,305	\$ -	\$ -	\$ 1,585,551

(Continued)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2018

	Special Revenue				
	AQMD	CDBG	Prop A Transit	Transportation Impact	State and County Gas Tax
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	196,819	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	382	-	3,036	17,163	890
Intergovernmental	73,535	248,837	1,064,169	150,281	1,204,490
Charges for services	-	21,216	-	-	-
Other revenues	-	-	-	-	-
Total revenues	73,917	270,053	1,067,205	364,263	1,205,380
EXPENDITURES:					
Current:					
General government:					
General city	-	-	-	-	-
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works services	88,771	-	117,241	-	2,076
Community development	20,162	203,753	106,278	456,785	40,544
Library	-	-	-	-	-
Recreation and community services	-	66,300	16,284	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	108,933	270,053	239,803	456,785	42,620
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(35,016)	-	827,402	(92,522)	1,162,760
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(604,093)	-	(1,193,713)
Total other financing sources (uses)	-	-	(604,093)	-	(1,193,713)
Net changes in fund balances	(35,016)	-	223,309	(92,522)	(30,953)
FUND BALANCES (DEFICIT):					
Beginning of fiscal year	130,563	-	1,308,613	3,047,632	215,460
End of fiscal year	\$ 95,547	\$ -	\$ 1,531,922	\$ 2,955,110	\$ 184,507

(Continued)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2018

	Special Revenue				
	Measure R	Lighting Maintenance	Prop C	IRS Task Force	Santa Anita Grade Separation
REVENUES:					
Taxes	\$ -	\$ 491,496	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	9,218	574	5,530	447	10,089
Intergovernmental	661,133	-	1,024,589	-	-
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	670,351	492,070	1,030,119	447	10,089
EXPENDITURES:					
Current:					
General government:					
General city	-	-	-	-	-
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works services	-	1,194,741	-	-	-
Community development	1,037,489	-	549,891	-	79,708
Library	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,037,489	1,194,741	549,891	-	79,708
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(367,138)	(702,671)	480,228	447	(69,619)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	716,845	-	-	-
Transfers out	(402,733)	-	-	-	-
Total other financing sources (uses)	(402,733)	716,845	-	-	-
Net changes in fund balances	(769,871)	14,174	480,228	447	(69,619)
FUND BALANCES (DEFICIT):					
Beginning of fiscal year	1,777,265	138,023	1,260,051	458,591	1,831,298
End of fiscal year	\$ 1,007,394	\$ 152,197	\$ 1,740,279	\$ 459,038	\$ 1,761,679

(Continued)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2018

	Special Revenue				
	Homeland Security	Library State Grant	PEG Access Television	Used Oil Grant	DOC Beverage Grant
REVENUES:					
Taxes	\$ -	\$ -	\$ 89,090	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	15	3,342	38	97
Intergovernmental	7,245	-	-	13,662	-
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	7,245	15	92,432	13,700	97
EXPENDITURES:					
Current:					
General government:					
General city	-	-	98,744	-	-
Public safety:					
Police	-	-	-	-	-
Fire	3,054	-	-	-	-
Public works services	-	-	-	15,980	-
Community development	-	-	-	-	-
Library	-	501	-	-	-
Recreation and community services	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	3,054	501	98,744	15,980	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,191	(486)	(6,312)	(2,280)	97
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net changes in fund balances	4,191	(486)	(6,312)	(2,280)	97
FUND BALANCES (DEFICIT):					
Beginning of fiscal year	(7,818)	1,110	707,827	15,086	18,124
End of fiscal year	<u>\$ (3,627)</u>	<u>\$ 624</u>	<u>\$ 701,515</u>	<u>\$ 12,806</u>	<u>\$ 18,221</u>

(Continued)

City of Arcadia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2018

	Special Revenue		Debt Service	Total
	Road Maintenance and Rehabilitation		General Obligation Bonds	Nonmajor Governmental Funds
	Act	Measure M		
REVENUES:				
Taxes	\$ -	\$ -	\$ 997,372	\$ 2,081,514
Licenses and permits	-	-	-	196,819
Fines and forfeitures	-	-	-	193,875
Use of money and property	-	-	-	60,042
Intergovernmental	336,186	599,138	-	5,445,375
Charges for services	-	-	-	134,045
Other revenues	-	-	-	156,505
Total revenues	336,186	599,138	997,372	8,268,175
EXPENDITURES:				
Current:				
General government:				
General city	-	-	-	98,744
Public safety:				
Police	-	-	-	352,865
Fire	-	-	-	3,054
Public works services	-	-	-	1,795,568
Community development	172,694	-	-	2,667,304
Library	-	-	-	501
Recreation and community services	-	-	-	82,584
Debt service:				
Principal retirement	-	-	590,000	590,000
Interest and fiscal charges	-	-	425,274	425,274
Total expenditures	172,694	-	1,015,274	6,015,894
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	163,492	599,138	(17,902)	2,252,281
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	716,845
Transfers out	-	-	-	(2,507,243)
Total other financing sources (uses)	-	-	-	(1,790,398)
Net changes in fund balances	163,492	599,138	(17,902)	461,883
FUND BALANCES (DEFICIT):				
Beginning of fiscal year	-	-	887,075	13,839,616
End of fiscal year	\$ 163,492	\$ 599,138	\$ 869,173	\$ 14,301,499

(Concluded)

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Narcotics Seizure Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 800	\$ 800	\$ 256	\$ (544)
Other revenues	-	-	16,585	16,585
Total revenues	800	800	16,841	16,041
EXPENDITURES:				
Current:				
Public safety:				
Police	148,900	148,900	161,340	(12,440)
Total expenditures	148,900	148,900	161,340	(12,440)
Net change in fund balance	\$ (148,100)	\$ (148,100)	(144,499)	\$ 3,601
FUND BALANCE:				
Beginning of fiscal year			342,127	
End of fiscal year			<u>\$ 197,628</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
COPS SLESF Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 2,600	\$ 2,600	\$ 1,536	\$ (1,064)
Other revenues	142,200	142,200	139,416	(2,784)
Total revenues	144,800	144,800	140,952	(3,848)
EXPENDITURES:				
Current:				
Public safety:				
Police	150,100	150,100	129,415	20,685
Total expenditures	150,100	150,100	129,415	20,685
Net change in fund balance	\$ (5,300)	\$ (5,300)	11,537	\$ 16,837
FUND BALANCE:				
Beginning of fiscal year			257,768	
End of fiscal year			<u>\$ 269,305</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
OTS Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 104,400	\$ 104,400	\$ 62,110	\$ (42,290)
Total revenues	<u>104,400</u>	<u>104,400</u>	<u>62,110</u>	<u>(42,290)</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	104,400	104,400	62,110	42,290
Total expenditures	<u>104,400</u>	<u>104,400</u>	<u>62,110</u>	<u>42,290</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of fiscal year			-	
End of fiscal year			<u>\$ -</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Fines and forfeitures	\$ 220,000	\$ 220,000	\$ 193,875	\$ (26,125)
Total revenues	<u>220,000</u>	<u>220,000</u>	<u>193,875</u>	<u>(26,125)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(220,000)	(220,000)	(193,875)	26,125
Total other financing sources (uses)	<u>(220,000)</u>	<u>(220,000)</u>	<u>(193,875)</u>	<u>26,125</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of fiscal year			-	
End of fiscal year			<u>\$ -</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Solid Waste Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 380,200	\$ 380,200	\$ 503,556	\$ 123,356
Use of money and property	13,500	13,500	7,429	(6,071)
Charges for services	112,000	112,000	112,829	829
Other revenues	-	-	504	504
Total revenues	505,700	505,700	624,318	118,618
EXPENDITURES:				
Current:				
Public works services	405,000	405,000	376,759	28,241
Total expenditures	405,000	405,000	376,759	28,241
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	100,700	100,700	247,559	146,859
OTHER FINANCING SOURCES (USES):				
Transfers out	(112,000)	(112,000)	(112,829)	(829)
Total other financing sources (uses)	(112,000)	(112,000)	(112,829)	(829)
Net change in fund balance	\$ (11,300)	\$ (11,300)	134,730	\$ 146,030
FUND BALANCE:				
Beginning of fiscal year			1,450,821	
End of fiscal year			<u>\$ 1,585,551</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
AQMD Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 600	\$ 600	\$ 382	\$ (218)
Intergovernmental	72,400	72,400	73,535	1,135
Total revenues	73,000	73,000	73,917	917
EXPENDITURES:				
Current:				
General government:				
General city	32,000	32,000	-	32,000
Public works services	44,000	92,124	88,771	3,353
Community development	22,400	22,400	20,162	2,238
Total expenditures	98,400	146,524	108,933	37,591
Net change in fund balance	\$ (25,400)	\$ (73,524)	(35,016)	\$ 38,508
FUND BALANCE:				
Beginning of fiscal year			130,563	
End of fiscal year			<u>\$ 95,547</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CDBG Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 609,700	\$ 609,700	\$ 248,837	\$ (360,863)
Charges for services	18,200	18,200	21,216	3,016
Total revenues	627,900	627,900	270,053	(357,847)
EXPENDITURES:				
Current:				
Community development	564,500	564,500	203,753	360,747
Recreation and community services	63,400	63,400	66,300	(2,900)
Total expenditures	627,900	627,900	270,053	357,847
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of fiscal year			-	
End of fiscal year			\$ -	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition A Transit Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 11,200	\$ 11,200	\$ 3,036	\$ (8,164)
Intergovernmental	1,061,053	1,061,053	1,064,169	3,116
Total revenues	1,072,253	1,072,253	1,067,205	(5,048)
EXPENDITURES:				
Current:				
Public works services	114,800	114,800	117,241	(2,441)
Community development	106,500	249,275	106,278	142,997
Recreation and community services	16,100	16,100	16,284	(184)
Total expenditures	237,400	380,175	239,803	140,372
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	834,853	692,078	827,402	135,324
OTHER FINANCING SOURCES (USES):				
Transfers out	(912,970)	(912,970)	(604,093)	308,877
Total other financing sources (uses)	(912,970)	(912,970)	(604,093)	308,877
Net change in fund balance	<u>\$ (78,117)</u>	<u>\$ (220,892)</u>	223,309	<u>\$ 444,201</u>
FUND BALANCE:				
Beginning of fiscal year			1,308,613	
End of fiscal year			<u>\$ 1,531,922</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation Impact Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Licenses and permits	\$ 300,000	\$ 300,000	\$ 196,819	\$ (103,181)
Use of money and property	12,200	12,200	17,163	4,963
Intergovernmental	-	-	150,281	150,281
Total revenues	312,200	312,200	364,263	52,063
EXPENDITURES:				
Current:				
Community development	1,250,000	3,370,048	456,785	2,913,263
Total expenditures	1,250,000	3,370,048	456,785	2,913,263
Net change in fund balance	\$ (937,800)	\$ (3,057,848)	(92,522)	\$ 2,965,326
FUND BALANCE:				
Beginning of fiscal year			3,047,632	
End of fiscal year			\$ 2,955,110	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State and County Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 800	\$ 800	\$ 890	\$ 90
Intergovernmental	1,595,207	1,266,215	1,204,490	(61,725)
Total revenues	1,596,007	1,267,015	1,205,380	(61,635)
EXPENDITURES:				
Current:				
Public works services	2,000	2,000	2,076	(76)
Community development	150,000	40,544	40,544	-
Total expenditures	152,000	42,544	42,620	(76)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	1,444,007	1,224,471	1,162,760	(61,711)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,294,300)	(1,294,300)	(1,193,713)	100,587
Total other financing sources (uses)	(1,294,300)	(1,294,300)	(1,193,713)	100,587
Net change in fund balance	<u>\$ 149,707</u>	<u>\$ (69,829)</u>	(30,953)	<u>\$ 38,876</u>
FUND BALANCE:				
Beginning of fiscal year			215,460	
End of fiscal year			<u>\$ 184,507</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Measure R Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 11,200	\$ 11,200	\$ 9,218	\$ (1,982)
Intergovernmental	1,610,100	1,610,100	661,133	(948,967)
Total revenues	1,621,300	1,621,300	670,351	(950,949)
EXPENDITURES:				
Current:				
Community development	2,031,400	3,102,437	1,037,489	2,064,948
Total expenditures	2,031,400	3,102,437	1,037,489	2,064,948
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	(410,100)	(1,481,137)	(367,138)	1,113,999
OTHER FINANCING SOURCES (USES):				
Transfers out	(608,651)	(608,651)	(402,733)	205,918
Total other financing sources (uses)	(608,651)	(608,651)	(402,733)	205,918
Net change in fund balance	<u>\$ (1,018,751)</u>	<u>\$ (2,089,788)</u>	(769,871)	<u>\$ 1,319,917</u>
FUND BALANCE:				
Beginning of fiscal year			1,777,265	
End of fiscal year			<u>\$ 1,007,394</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lighting Maintenance Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 494,900	\$ 494,900	\$ 491,496	\$ (3,404)
Use of money and property	-	-	574	574
Total revenues	<u>494,900</u>	<u>494,900</u>	<u>492,070</u>	<u>(2,830)</u>
EXPENDITURES:				
Current:				
Public works services	<u>1,237,300</u>	<u>1,237,300</u>	<u>1,194,741</u>	<u>42,559</u>
Total expenditures	<u>1,237,300</u>	<u>1,237,300</u>	<u>1,194,741</u>	<u>42,559</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	<u>(742,400)</u>	<u>(742,400)</u>	<u>(702,671)</u>	<u>39,729</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>742,400</u>	<u>742,400</u>	<u>716,845</u>	<u>(25,555)</u>
Total other financing sources (uses)	<u>742,400</u>	<u>742,400</u>	<u>716,845</u>	<u>(25,555)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>14,174</u>	<u>\$ 14,174</u>
FUND BALANCE:				
Beginning of fiscal year			<u>138,023</u>	
End of fiscal year			<u>\$ 152,197</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop C Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 1,300	\$ 1,300	\$ 5,530	\$ 4,230
Intergovernmental	880,116	880,116	1,024,589	144,473
Total revenues	881,416	881,416	1,030,119	148,703
EXPENDITURES:				
Current:				
Community development	894,300	2,130,203	549,891	1,580,312
Total expenditures	894,300	2,130,203	549,891	1,580,312
Net change in fund balance	<u>\$ (12,884)</u>	<u>\$ (1,248,787)</u>	480,228	<u>\$ 1,729,015</u>
FUND BALANCE:				
Beginning of fiscal year			1,260,051	
End of fiscal year			<u>\$ 1,740,279</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
IRS Task Force Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 447	\$ (553)
Total revenues	1,000	1,000	447	(553)
Net change in fund balance	<u>\$ 1,000</u>	<u>\$ 1,000</u>	447	<u>\$ (553)</u>
FUND BALANCE:				
Beginning of fiscal year			458,591	
End of fiscal year			<u>\$ 459,038</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TDA Article 3 Bikeway Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
EXPENDITURES:				
Current:				
Community development	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE (DEFICIT):				
Beginning of fiscal year			<u>-</u>	
End of fiscal year			<u>\$ -</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Santa Anita Grade Separation Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 10,100	\$ 10,100	\$ 10,089	\$ (11)
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>10,089</u>	<u>(11)</u>
EXPENDITURES:				
Current:				
Community development	<u>230,000</u>	<u>2,597,414</u>	<u>79,708</u>	<u>2,517,706</u>
Total expenditures	<u>230,000</u>	<u>2,597,414</u>	<u>79,708</u>	<u>2,517,706</u>
Net change in fund balance	<u>\$ (219,900)</u>	<u>\$ (2,587,314)</u>	<u>(69,619)</u>	<u>\$ 2,517,695</u>
FUND BALANCE:				
Beginning of fiscal year			<u>1,831,298</u>	
End of fiscal year			<u>\$ 1,761,679</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Homeland Security Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 7,245	\$ (2,755)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>7,245</u>	<u>(2,755)</u>
EXPENDITURES:				
Current:				
Public safety:				
Fire	<u>10,000</u>	<u>10,000</u>	<u>3,054</u>	<u>6,946</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,054</u>	<u>6,946</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,191</u>	<u>\$ 4,191</u>
FUND BALANCE:				
Beginning of fiscal year			<u>(7,818)</u>	
End of fiscal year			<u>\$ (3,627)</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PEG Access Television Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 85,000	\$ 85,000	\$ 89,090	\$ 4,090
Use of money and property	7,200	7,200	3,342	(3,858)
Total revenues	92,200	92,200	92,432	232
EXPENDITURES:				
Current:				
General city	200,000	200,000	98,744	101,256
Total expenditures	200,000	200,000	98,744	101,256
Net change in fund balance	<u>\$ (107,800)</u>	<u>\$ (107,800)</u>	(6,312)	<u>\$ 101,488</u>
FUND BALANCE:				
Beginning of fiscal year			707,827	
End of fiscal year			<u>\$ 701,515</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Used Oil Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 100	\$ 100	\$ 38	\$ (62)
Intergovernmental	16,300	16,300	13,662	(2,638)
Total revenues	16,400	16,400	13,700	(2,700)
EXPENDITURES:				
Current:				
Public works services	6,000	6,000	15,980	(9,980)
Total expenditures	6,000	6,000	15,980	(9,980)
Net change in fund balance	<u>\$ 10,400</u>	<u>\$ 10,400</u>	(2,280)	<u>\$ (12,680)</u>

FUND BALANCE:

Beginning of fiscal year	15,086
End of fiscal year	<u>\$ 12,806</u>

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
DOC Beverage Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 300	\$ 300	\$ 97	\$ (203)
Intergovernmental	15,300	15,300	-	(15,300)
Total revenues	15,600	15,600	97	(15,503)
EXPENDITURES:				
Current:				
Public works services	15,300	15,300	-	15,300
Total expenditures	15,300	15,300	-	15,300
Net change in fund balance	<u>\$ 300</u>	<u>\$ 300</u>	97	<u>\$ (203)</u>

FUND BALANCE:

Beginning of fiscal year	18,124
End of fiscal year	<u>\$ 18,221</u>

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Maintenance and Rehabilitation Act Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 328,992	\$ 336,186	\$ 7,194
Total revenues	-	328,992	336,186	7,194
EXPENDITURES:				
Current:				
Community development	-	322,338	172,694	149,644
Total expenditures	-	322,338	172,694	149,644
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,654</u>	163,492	<u>\$ 156,838</u>
FUND BALANCE:				
Beginning of fiscal year			-	
End of fiscal year			<u>\$ 163,492</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 710,693	\$ 710,693	\$ 599,138	\$ (111,555)
Total revenues	710,693	710,693	599,138	(111,555)
Net change in fund balance	<u>\$ 710,693</u>	<u>\$ 710,693</u>	599,138	<u>\$ (111,555)</u>
FUND BALANCE:				
Beginning of fiscal year			-	
End of fiscal year			<u>\$ 599,138</u>	

City of Arcadia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Obligation Bonds Debt Service Fund
For the Fiscal Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 1,010,900	\$ 1,010,900	\$ 997,372	\$ (13,528)
Use of money and property	4,500	4,500	-	(4,500)
Total revenues	<u>1,015,400</u>	<u>1,015,400</u>	<u>997,372</u>	<u>(18,028)</u>
EXPENDITURES:				
Debt service:				
Principal retirement	590,000	590,000	590,000	-
Interest and fiscal charges	425,800	425,800	425,274	526
Total expenditures	<u>1,015,800</u>	<u>1,015,800</u>	<u>1,015,274</u>	<u>526</u>
Net change in fund balance	<u>\$ (400)</u>	<u>\$ (400)</u>	(17,902)	<u>\$ (17,502)</u>
FUND BALANCE:				
Beginning of fiscal year			<u>887,075</u>	
End of fiscal year			<u>\$ 869,173</u>	

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FIDUCIARY FUNDS

Agency Funds:

Agency Fund - established to account for assets held by the City as an agent for individuals, private organizations, or other governmental units, and/or other funds.

City of Arcadia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2018

	Agency Fund		
	Balance	Net Changes	Balance
	July 1, 2017	in Assets and Liabilities	June 30, 2018
ASSETS			
Cash and investments	\$ 3,864,828	\$ (1,054,674)	\$ 2,810,154
Accounts receivable	117,979	(98,506)	19,473
Total assets	\$ 3,982,807	\$ (1,153,180)	\$ 2,829,627
LIABILITIES			
Accounts payable	\$ 151,551	\$ (112,807)	\$ 38,744
Deposits payable	3,831,256	(1,040,373)	2,790,883
Total liabilities	\$ 3,982,807	\$ (1,153,180)	\$ 2,829,627

STATISTICAL SECTION

(Unaudited)

This part of the City of Arcadia's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules was derived from the City's comprehensive annual financial reports for the relevant year.

City of Arcadia
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental Activities:					
Net investment in capital assets	\$ 52,517,506	\$ 52,847,570	\$ 52,132,444	\$ 58,679,540	\$ 59,598,320
Restricted for:					
Capital Projects	14,382,092	14,813,455	9,407,211	6,899,157	6,912,977
Debt Service	556,283	2,391,605	3,893,943	762,708	699,444
Specific Projects and Programs	20,567,765	20,692,163	20,596,634	14,150,646	16,064,646
Community Purposes					
Public Safety					
Transportation/Streets					
Total Restricted	35,506,140	37,897,223	33,897,788	21,812,511	23,677,067
Unrestricted	18,064,825	14,833,148	14,107,829	11,083,944	10,527,461
Total governmental activities net position	\$ 106,088,471	\$ 105,577,941	\$ 100,138,061	\$ 91,575,995	\$ 93,802,848
Business-type Activities:					
Net investment in capital assets	\$ 55,176,999	\$ 55,431,533	\$ 54,707,757	\$ 53,119,660	\$ 52,092,442
Unrestricted	38,032,983	38,021,028	37,219,013	36,456,910	36,522,942
Total business-type activities net position	\$ 93,209,982	\$ 93,452,561	\$ 91,926,770	\$ 89,576,570	\$ 88,615,384
Primary Government:					
Net investment in capital assets	\$ 107,694,505	\$ 108,279,103	\$ 106,840,201	\$ 111,799,200	\$ 111,690,762
Restricted	35,506,140	37,897,223	33,897,788	21,812,511	23,677,067
Unrestricted	56,097,808	52,854,176	51,326,842	47,540,854	47,050,403
Total Primary Government net position	\$ 199,298,453	\$ 199,030,502	\$ 192,064,831	\$ 181,152,565	\$ 182,418,232

Source: City of Arcadia Financial Reports

City of Arcadia
Net Position by Component (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental Activities:					
Net investment in capital assets	\$ 50,203,892	\$ 50,652,770	\$ 51,124,268	\$ 50,448,943	\$ 47,725,910
Restricted for:					
Capital Projects	755,064	-	-	-	-
Debt Service	786,567	694,085	664,992	706,723	698,863
Specific Projects and Programs*	14,564,481	-	-	-	-
Community Purposes		8,236,718	10,578,749	12,424,349	13,472,245
Public Safety		1,340,410	1,253,412	1,058,486	925,971
Transportation/Streets		9,312,873	9,165,526	9,440,319	9,943,521
Total Restricted	16,106,112	19,584,086	21,662,679	23,629,877	25,040,600
Unrestricted	25,857,397	(75,062,952)	(71,558,258)	(72,803,923)	(95,840,709)
Total governmental activities net position	\$ 92,167,401	\$ (4,826,096)	\$ 1,228,689	\$ 1,274,897	\$ (23,074,199)
Business-type Activities:					
Net investment in capital assets	\$ 50,835,309	\$ 48,858,963	\$ 46,957,250	\$ 46,000,669	\$ 44,405,319
Unrestricted	35,505,795	23,494,250	22,536,965	20,182,581	18,243,338
Total business-type activities net position	\$ 86,341,104	\$ 72,353,213	\$ 69,494,215	\$ 66,183,250	\$ 62,648,657
Primary Government:					
Net investment in capital assets	\$ 101,039,201	\$ 99,511,733	\$ 98,081,518	\$ 96,449,612	\$ 92,131,229
Restricted	16,106,112	19,584,086	21,662,679	23,629,877	25,040,600
Unrestricted	61,363,192	(51,568,702)	(49,021,293)	(52,621,342)	(77,597,371)
Total Primary Government net position	\$ 178,508,505	\$ 67,527,117	\$ 70,722,904	\$ 67,458,147	\$ 39,574,458

Source: City of Arcadia Financial Reports

* Specific Projects and Programs were divided into Community Purposes, Public Safety and Transportation/Street starting in 2015

City of Arcadia
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 8,211,121	\$ 11,653,623	\$ 7,932,372	\$ 8,060,384	\$ 8,772,439
Public safety	25,887,304	26,433,261	28,843,936	29,494,115	30,816,795
Public works services	6,500,404	6,153,531	8,344,308	8,595,701	7,684,123
Community development	2,848,740	3,702,372	5,763,672	4,650,800	3,615,072
Library	3,344,597	2,958,551	3,264,511	3,269,158	3,371,939
Economic development*	1,726,912	2,511,182	5,435,758	1,091,721	-
Recreation and community services	2,547,934	2,489,088	2,759,562	2,796,582	3,051,783
Interest on long-term debt	1,325,694	1,277,732	2,067,789	969,994	673,196
Total governmental activities expenses	<u>\$ 52,392,706</u>	<u>\$ 57,179,340</u>	<u>\$ 64,411,908</u>	<u>\$ 58,928,455</u>	<u>\$ 57,985,347</u>
Business-type activities:					
Water	\$ 10,266,681	\$ 10,842,417	\$ 11,854,112	\$ 13,195,083	\$ 12,373,758
Sewer **	1,039,606	1,184,763	1,106,873	1,135,487	1,318,107
Transit	1,632,156	1,676,496	1,727,366	1,792,216	2,023,651
Total business-type activities expenses	<u>12,938,443</u>	<u>13,703,676</u>	<u>14,688,351</u>	<u>16,122,786</u>	<u>15,715,516</u>
Total primary government expenses	<u><u>\$ 65,331,149</u></u>	<u><u>\$ 70,883,016</u></u>	<u><u>\$ 79,100,259</u></u>	<u><u>\$ 75,051,241</u></u>	<u><u>\$ 73,700,863</u></u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 86,150	\$ 2,973	\$ 13,512	\$ 1,245	\$ 260
Public safety	2,899,528	3,293,237	3,149,498	3,304,856	3,146,493
Public works services	365,883	305,344	475,338	393,639	325,403
Community development	1,835,423	1,891,145	2,262,274	2,698,841	3,175,993
Library	95,299	97,842	86,285	74,518	69,350
Recreation and community services	1,204,767	1,632,634	1,916,601	2,295,475	2,450,915
Operating Grants and Contributions	2,613,585	3,085,135	3,607,703	3,612,486	4,592,325
Capital Grants and Contributions	2,311,305	2,576,985	2,555,769	1,500,626	2,272,285
Total governmental activities program revenues	<u>11,411,940</u>	<u>12,885,295</u>	<u>14,066,980</u>	<u>13,881,686</u>	<u>16,033,024</u>
Business-type activities:					
Charges for services:					
Water	10,087,744	9,611,411	9,190,903	10,191,324	10,902,718
Sewer **	1,161,525	1,206,690	1,203,269	1,221,817	1,277,868
Transit	69,241	72,187	71,425	73,846	86,208
Operating Grants and Contributions	1,009,884	592,255	532,857	606,878	616,491
Capital Grants and Contributions	-	713,932	699,368	401,697	648,875
Total business-type activities program revenues	<u>12,328,394</u>	<u>12,196,475</u>	<u>11,697,822</u>	<u>12,495,562</u>	<u>13,532,160</u>
Total primary government program revenues	<u><u>\$ 23,740,334</u></u>	<u><u>\$ 25,081,770</u></u>	<u><u>\$ 25,764,802</u></u>	<u><u>\$ 26,377,248</u></u>	<u><u>\$ 29,565,184</u></u>

Source: City of Arcadia Financial Reports

* Due to the closing of Arcadia Redevelopment Agency, Economic Development function was combined as part of the Economic Development Department

** Sewer fund was reclassified from a Special revenue fund to an Enterprise fund in fiscal year 2009.

City of Arcadia
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 6,984,927	\$ 7,458,250	\$ 6,890,053	\$ 9,515,214	\$ 17,454,570
Public safety	31,879,134	32,579,734	34,089,922	36,377,345	37,298,318
Public works services	7,318,800	7,741,343	8,525,715	7,829,369	9,224,613
Community development	15,469,651	5,050,382	6,316,456	6,542,784	7,527,613
Library	3,381,138	3,640,914	3,858,956	4,000,700	3,982,384
Economic development*	-	-	-	-	-
Recreation and community services	3,740,097	3,310,420	3,455,024	3,593,171	3,600,354
Interest on long-term debt	455,077	434,682	417,780	398,133	373,622
Total governmental activities expenses	<u>\$ 69,228,824</u>	<u>\$ 60,215,725</u>	<u>\$ 63,553,906</u>	<u>\$ 68,256,716</u>	<u>\$ 79,461,474</u>
Business-type activities:					
Water	\$ 13,911,484	\$ 16,891,412	\$ 12,563,018	\$ 14,942,992	\$ 17,005,371
Sewer **	1,347,002	1,457,275	1,360,509	1,440,677	1,779,385
Transit	2,010,402	1,836,228	1,818,171	1,935,418	1,823,710
Total business-type activities expenses	<u>17,268,888</u>	<u>20,184,915</u>	<u>15,741,698</u>	<u>18,319,087</u>	<u>20,608,466</u>
Total primary government expenses	<u>\$ 86,497,712</u>	<u>\$ 80,400,640</u>	<u>\$ 79,295,604</u>	<u>\$ 86,575,803</u>	<u>\$ 100,069,940</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,065	\$ -	\$ 33,223	\$ 596	\$ 7,184
Public safety	3,801,154	3,683,293	3,972,018	3,896,797	4,335,707
Public works services	455,285	312,995	434,681	363,274	491,341
Community development	5,951,472	4,497,375	4,577,662	5,406,275	2,712,354
Library	74,007	71,564	72,242	71,393	96,038
Recreation and community services	3,149,525	3,045,343	3,237,272	2,804,010	2,112,552
Operating Grants and Contributions	5,481,152	5,020,312	4,876,997	4,523,948	5,542,417
Capital Grants and Contributions	658,109	804,556	927,837	254,204	45,850
Total governmental activities program revenues	<u>19,571,769</u>	<u>17,435,438</u>	<u>18,131,932</u>	<u>17,320,497</u>	<u>15,343,443</u>
Business-type activities:					
Charges for services:					
Water	11,467,284	10,132,653	9,122,745	10,990,520	13,223,624
Sewer **	1,308,313	1,310,499	1,664,249	2,046,705	2,347,364
Transit	89,710	76,484	63,520	12,408	13,246
Operating Grants and Contributions	685,118	786,352	768,229	696,053	772,915
Capital Grants and Contributions	-	-	-	-	-
Total business-type activities program revenues	<u>13,550,425</u>	<u>12,305,988</u>	<u>11,618,743</u>	<u>13,745,686</u>	<u>16,357,149</u>
Total primary government program revenues	<u>\$ 33,122,194</u>	<u>\$ 29,741,426</u>	<u>\$ 29,750,675</u>	<u>\$ 31,066,183</u>	<u>\$ 31,700,592</u>

Source: City of Arcadia Financial Reports

* Due to the closing of Arcadia Redevelopment Agency, Economic Development function was combined as part of the Economic Development Department

** Sewer fund was reclassified from a Special revenue fund to an Enterprise fund in fiscal year 2009.

City of Arcadia
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Net (Expense)/Revenue					
Governmental activities	\$ (40,980,766)	\$ (44,294,045)	\$ (50,344,928)	\$ (45,046,769)	\$ (41,952,323)
Business-type activities	(610,049)	(1,507,200)	(2,990,529)	(3,627,224)	(2,183,356)
Total primary government net expense	<u>\$ (41,590,815)</u>	<u>\$ (45,801,245)</u>	<u>\$ (53,335,457)</u>	<u>\$ (48,673,993)</u>	<u>\$ (44,135,679)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 14,330,420	\$ 15,400,704	\$ 14,215,888	\$ 11,416,754	\$ 13,644,310
Sales taxes	9,024,834	7,940,462	8,613,829	8,962,391	9,646,630
Franchise fees	1,077,046	972,461	1,045,099	1,061,719	1,091,812
Utilities user taxes	5,128,782	5,258,113	5,172,811	5,046,439	5,118,597
Transient occupancy taxes	2,428,763	2,237,610	2,394,106	2,560,371	2,823,399
Motor vehicle license taxes	4,433,640	4,502,551	4,814,591	4,653,845	4,900,991
Non-regulatory business license taxes	938,278	1,020,770	1,068,308	1,108,428	1,186,704
Other Taxes	1,850,761	1,846,825	1,641,467	1,581,577	1,541,319
Total Taxes and fees	39,212,524	39,179,496	38,966,099	36,391,524	39,953,762
Investment earnings	2,680,217	1,025,361	2,080,612	1,689,361	1,035,634
Miscellaneous	3,535,084	4,491,008	4,579,176	4,153,019	3,374,585
Gain/loss on disposal of capital assets	-	-	256,499	35,714	935,125
Transfers	(911,695)	(912,350)	(977,338)	(976,894)	(1,119,930)
Restatement	-	-	-	(4,808,021)	-
Total Governmental activities	<u>44,516,130</u>	<u>43,783,515</u>	<u>44,905,048</u>	<u>36,484,703</u>	<u>44,179,176</u>
Business-type activities:					
Investment earnings	1,845,825	819,078	472,912	280,621	85,231
Miscellaneous	-	18,351	14,488	19,509	17,009
Transfers	911,695	912,350	977,338	976,894	1,119,930
Restatement	-	-	-	-	-
Total business-type activities	<u>2,757,520</u>	<u>1,749,779</u>	<u>1,464,738</u>	<u>1,277,024</u>	<u>1,222,170</u>
Total primary government	<u>\$ 47,273,650</u>	<u>\$ 45,533,294</u>	<u>\$ 46,369,786</u>	<u>\$ 37,761,727</u>	<u>\$ 45,401,346</u>
Change in Net Position					
Governmental activities	\$ 3,535,364	\$ (510,530)	\$ (5,439,880)	\$ (8,562,066)	\$ 2,226,853
Business-type activities	2,147,471	242,579	(1,525,791)	(2,350,200)	(961,186)
Total primary government	<u>\$ 5,682,835</u>	<u>\$ (267,951)</u>	<u>\$ (6,965,671)</u>	<u>\$ (10,912,266)</u>	<u>\$ 1,265,667</u>

Source: City of Arcadia Financial Reports

City of Arcadia
Changes in Net Position (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Net (Expense)/Revenue					
Governmental activities	\$ (49,657,055)	\$ (42,780,287)	\$ (45,421,974)	\$ (50,936,219)	\$ (64,118,031)
Business-type activities	(3,718,463)	(7,878,927)	(4,122,955)	(4,573,401)	(4,251,317)
Total primary government net expense	<u>\$ (53,375,518)</u>	<u>\$ (50,659,214)</u>	<u>\$ (49,544,929)</u>	<u>\$ (55,509,620)</u>	<u>\$ (68,369,348)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 13,892,020	\$ 13,865,978	\$ 15,149,171	\$ 16,150,617	\$ 16,965,156
Sales taxes	10,082,196	10,427,065	11,441,622	10,766,558	11,115,292
Franchise fees	1,070,809	1,192,519	1,100,952	1,000,308	982,756
Utilities user taxes	6,545,713	7,142,118	6,816,464	6,773,169	6,856,067
Transient occupancy taxes	3,215,261	3,365,408	3,531,944	3,543,908	3,320,953
Motor vehicle license taxes	5,213,847	5,641,681	6,136,906	6,461,508	6,906,050
Non-regulatory business license taxes	1,249,583	1,202,350	1,293,357	1,270,876	1,248,106
Other Taxes	1,683,520	1,662,956	1,538,467	1,647,136	1,621,716
Total Taxes and fees	42,952,949	44,500,075	47,008,883	47,614,080	49,016,096
Investment earnings	1,598,314	1,632,484	1,856,318	1,458,553	1,529,734
Miscellaneous	4,724,159	4,421,469	3,482,819	3,007,213	3,486,199
Gain/loss on disposal of capital assets	64,696	28,323	-	13,587	49,243
Transfers	(1,031,360)	(817,751)	(871,261)	(1,111,006)	(1,006,826)
Extraordinary item	-	-	-	-	(13,305,511)
Total Governmental activities	<u>48,308,758</u>	<u>49,764,600</u>	<u>51,476,759</u>	<u>50,982,427</u>	<u>39,768,935</u>
Business-type activities:					
Investment earnings	396,892	332,719	380,861	138,679	150,511
Miscellaneous	15,931	18,300	11,835	12,751	13,976
Transfers	1,031,360	817,751	871,261	1,111,006	1,006,826
					(454,589)
Total business-type activities	<u>1,444,183</u>	<u>1,168,770</u>	<u>1,263,957</u>	<u>1,262,436</u>	<u>716,724</u>
Total primary government	<u>\$ 49,752,941</u>	<u>\$ 50,933,370</u>	<u>\$ 52,740,716</u>	<u>\$ 52,244,863</u>	<u>\$ 40,485,659</u>
Change in Net Position					
Governmental activities	\$ (1,348,297)	\$ 6,984,313	\$ 6,054,785	\$ 46,208	\$ (24,349,096)
Business-type activities	(2,274,280)	(6,710,157)	(2,858,998)	(3,310,965)	(3,534,593)
Total primary government	<u>\$ (3,622,577)</u>	<u>\$ 274,156</u>	<u>\$ 3,195,787</u>	<u>\$ (3,264,757)</u>	<u>\$ (27,883,689)</u>

Source: City of Arcadia Financial Reports

City of Arcadia
Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 2,078,013	\$ 1,337,938	\$ -	\$ -	\$ -
Unreserved	24,508,667	23,860,788	-	-	-
Nonspendable	-	-	741,827	727,715	698,729
Assigned	-	-	17,280,504	15,325,993	13,815,582
Unassigned	-	-	8,711,216	9,745,454	12,701,494
Total General Fund	<u>\$ 26,586,680</u>	<u>\$ 25,198,726</u>	<u>\$ 26,733,547</u>	<u>\$ 25,799,162</u>	<u>\$ 27,215,805</u>
All Other Governmental Funds					
Reserved	\$ 14,650,692	\$ 19,244,377	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special Revenue Funds	14,082,897	15,901,092	-	-	-
Debt Service Funds	-	-	-	-	-
Capital projects funds	14,218,072	8,068,757	-	-	-
Nonspendable	-	-	16,124,172	23,251	305
Restricted	-	-	32,629,493	21,812,511	23,677,067
Assigned	-	-	10,425,600	4,337,923	3,735,533
Unassigned	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 42,951,661</u>	<u>\$ 43,214,226</u>	<u>\$ 59,179,265</u>	<u>\$ 26,173,685</u>	<u>\$ 27,412,905</u>
Total Governmental Funds	<u>\$ 69,538,341</u>	<u>\$ 68,412,952</u>	<u>\$ 85,912,812</u>	<u>\$ 51,972,847</u>	<u>\$ 54,628,710</u>

Source: City of Arcadia Financial Reports

* Fund balance catagories were changed due to the implementation of GASB 54 in 2011

City of Arcadia
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	708,053	768,417	797,305	845,513	1,068,976
Assigned	22,223,334	23,710,862	24,756,336	23,015,454	22,829,444
Unassigned	8,180,075	12,357,558	6,399,003	7,323,121	7,225,918
Total General Fund	<u>\$ 31,111,462</u>	<u>\$ 36,836,837</u>	<u>\$ 31,952,644</u>	<u>\$ 31,184,088</u>	<u>\$ 31,124,338</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	384	-	-	11,540	3,000
Restricted	16,106,112	19,779,855	21,851,364	23,810,229	25,207,910
Assigned	6,207,820	4,894,097	11,203,221	12,921,656	11,404,087
Unassigned				(7,818)	(3,627)
Total all other Governmental Funds	<u>\$ 22,314,316</u>	<u>\$ 24,673,952</u>	<u>\$ 33,054,585</u>	<u>\$ 36,735,607</u>	<u>\$ 36,611,370</u>
Total Governmental Funds	<u>\$ 53,425,778</u>	<u>\$ 61,510,789</u>	<u>\$ 65,007,229</u>	<u>\$ 67,919,695</u>	<u>\$ 67,735,708</u>

Source: City of Arcadia Financial Reports

* Fund balance catagories were changed due to the implementation of GASB 54 in 2011

City of Arcadia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
REVENUES:					
Taxes	\$ 33,840,607	\$ 32,337,065	\$ 34,244,462	\$ 30,629,251	\$ 33,866,067
Licenses, fees and permits	3,802,420	3,487,187	3,972,881	4,542,324	5,008,304
Fines and Penalties	830,395	942,337	960,496	918,949	839,477
Use of money of property	3,510,957	2,123,272	2,080,611	1,833,161	1,035,634
Intergovernmental Revenues	9,269,355	10,380,618	11,248,656	9,776,817	11,437,572
Charges for services	3,529,270	4,420,625	4,711,152	5,041,963	5,095,987
Other Revenues	8,846,293	6,804,945	3,973,389	3,410,965	4,049,089
Total revenues	63,629,297	60,496,049	61,191,647	56,153,430	61,332,130
EXPENDITURES:					
Current:					
General government	10,241,549	10,664,354	8,375,592	8,923,780	7,484,871
Public safety	27,595,515	28,239,920	27,451,509	28,402,141	29,905,370
Public works services	6,350,512	5,910,512	6,588,499	6,897,481	5,940,589
Community development	3,359,686	5,371,217	5,756,910	5,380,890	6,885,395
Library	3,374,589	2,987,701	3,058,338	3,050,203	3,179,305
Economic development	1,726,912	2,975,135	5,452,493	1,091,721	-
Recreation and community services	2,470,190	2,357,463	3,746,142	2,571,010	3,014,469
Debt service:					
Interest	870,000	915,000	1,736,317	900,000	756,210
Principal	1,337,036	1,287,786	690,000	1,282,872	215,000
Cost of issuance	-	-	395,037	-	132,228
Total expenditures	57,325,989	60,709,088	63,250,837	58,500,098	57,513,437
Less: acquisition of capital assets	(1,815,013)	(3,807,691)	(2,562,811)	(2,931,313)	(4,349,512)
Total expenditures excluding capital assets	55,510,976	56,901,397	60,688,026	55,568,785	53,163,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,303,308	(213,039)	(2,059,190)	(2,346,668)	3,818,693
OTHER FINANCING SOURCES (USES):					
Transfers in	3,236,418	3,660,845	8,387,511	8,760,016	2,455,802
Transfers out	(4,148,113)	(4,573,195)	(9,364,849)	(9,736,910)	(3,575,732)
Proceeds of bond issuance	-	-	27,830,000	-	6,135,000
Bond discount	-	-	(424,696)	-	-
Bond Premium	-	-	451,084	-	362,100
Payment on refunded bonds	-	-	(7,320,000)	-	(6,540,000)
Loss on dissolution of Arcadia Redevelopment Agency	-	-	-	(30,616,403)	-
Total other financing sources (uses)	(911,695)	(912,350)	19,559,050	(31,593,297)	(1,162,830)
Net change in fund balances	\$ 5,391,613	\$ (1,125,389)	\$ 17,499,860	\$ (33,939,965)	\$ 2,655,863
Debt service as a percentage of non-capital expenditures	3.98%	3.87%	4.00%	3.93%	1.83%

Source: City of Arcadia Financial Reports

City of Arcadia
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
REVENUES:					
Taxes	\$ 36,489,519	\$ 37,911,174	\$ 39,504,488	\$ 40,258,016	\$ 40,506,071
Licenses, fees and permits	8,031,036	6,512,028	6,723,286	7,583,907	4,833,508
Fines and Penalties	913,156	935,629	801,161	634,261	690,703
Use of money of property	1,598,310	1,632,483	1,856,318	1,458,553	1,529,733
Intergovernmental Revenues	10,881,323	11,508,381	11,653,593	10,782,388	12,530,015
Charges for services	6,356,736	6,086,755	6,777,300	6,140,231	6,088,728
Other Revenues	4,167,904	4,390,220	3,419,455	3,062,448	3,525,714
Total revenues	68,437,984	68,976,670	70,735,601	69,919,804	69,704,472
EXPENDITURES:					
Current:					
General government	7,051,033	6,730,305	8,920,807	8,338,619	8,134,490
Public safety	30,842,988	31,748,649	33,772,958	35,497,246	36,941,437
Public works services	5,805,936	6,372,293	7,827,183	7,199,751	8,024,811
Community development	17,046,641	8,168,873	8,003,227	6,673,998	7,599,862
Library	3,165,746	3,433,071	3,612,759	3,830,240	3,826,333
Economic development	-	-	-	-	-
Recreation and community services	3,729,337	3,099,283	3,209,492	3,343,402	3,339,426
Debt service:					
Interest	502,875	525,000	555,000	448,076	590,000
Principal	465,000	484,854	466,474	565,000	425,274
Cost of issuance	-	-	-	-	-
Total expenditures	68,609,556	60,562,328	66,367,900	65,896,332	68,881,633
Less: acquisition of capital assets	(2,559,961)	(3,756,352)	(4,180,176)	(2,978,796)	(2,357,155)
Total expenditures excluding capital assets	66,049,595	56,805,976	62,187,724	62,917,536	66,524,478
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(171,572)	8,414,342	4,367,701	4,023,472	822,839
OTHER FINANCING SOURCES (USES):					
Transfers in	4,623,066	3,874,984	10,330,462	5,259,012	3,617,262
Transfers out	(5,654,426)	(4,692,735)	(11,201,723)	(6,370,018)	(4,624,088)
Proceeds of bond issuance	-	-	-	-	-
Bond discount	-	-	-	-	-
Bond Premium	-	-	-	-	-
Payment on refunded bonds	-	-	-	-	-
Loss on dissolution of Arcadia Redevelopment Agency	-	-	-	-	-
Total other financing sources (uses)	(1,031,360)	(817,751)	(871,261)	(1,111,006)	(1,006,826)
Net change in fund balances	\$ (1,202,932)	\$ 7,596,591	\$ 3,496,440	\$ 2,912,466	\$ (183,987)
Debt service as a percentage of non-capital expenditures	1.47%	1.78%	1.64%	1.61%	1.53%

Source: City of Arcadia Financial Reports

City of Arcadia
Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years (accrual basis of accounting)

Fiscal Year Ended June 30,	Property Tax	Sales Tax	Franchise Fee	Utilities user Tax	Transient Occupancy Tax	Motor Vehicle License Tax	Business License Tax	Other Taxes	Total Taxes and Fees
2009	14,330,420	9,024,834	1,077,046	5,128,782	2,428,763	4,433,640	938,278	1,850,761	39,212,524
2010	15,400,704	7,940,462	972,460	5,258,113	2,237,610	4,502,551	1,020,770	1,846,825	39,179,495
2011	14,215,888	8,613,829	1,045,099	5,172,811	2,394,106	4,814,591	1,068,308	1,641,467	38,966,099
2012	11,416,754	8,962,391	1,061,719	5,046,439	2,560,371	4,653,845	1,108,428	1,581,577	36,391,524
2013	13,644,310	9,646,630	1,091,812	5,118,597	2,823,399	4,900,991	1,186,704	1,541,319	39,953,762
2014	13,892,020	10,082,196	1,070,809	6,545,713	3,215,261	5,213,847	1,249,583	1,683,520	42,952,949
2015	13,865,978	10,427,065	1,192,519	7,142,118	3,365,408	5,641,681	1,202,350	1,662,956	44,500,075
2016	15,149,171	11,441,622	1,100,952	6,816,464	3,531,944	6,136,906	1,293,357	1,538,467	47,008,883
2017	16,150,617	10,766,558	1,000,308	6,773,169	3,543,908	6,461,508	1,270,876	1,647,136	47,614,080
2018	16,965,156	11,115,292	982,756	6,856,067	3,320,953	6,906,050	1,248,106	1,621,716	49,016,096

Source: City of Arcadia Financial Reports

City of Arcadia
General Governmental Tax Revenue by Source
Last Ten Fiscal Years (modified accrual basis of accounting)

Fiscal Year Ended June 30,	Property Tax	Sales Tax	Franchise Fee	Utilities user tax	Transient Occupancy Tax	Other Taxes	Total Taxes
2009	14,330,420	9,024,834	1,077,046	5,128,782	2,428,763	1,850,761	33,840,606
2010	15,400,704	7,940,462	972,460	5,258,113	2,237,610	1,846,825	33,656,174
2011	14,215,888	8,613,829	1,045,099	5,172,811	2,394,106	1,641,467	33,083,200
2012	11,416,754	8,962,391	1,061,719	5,046,439	2,560,371	1,581,577	30,629,251
2013	13,644,310	9,646,630	1,091,812	5,118,597	2,823,399	1,541,319	33,866,067
2014	13,892,020	10,082,196	1,070,809	6,545,713	3,215,261	1,683,520	36,489,519
2015	13,865,978	10,587,947	1,192,519	7,142,118	3,365,408	1,757,204	37,911,174
2016	15,149,171	11,264,090	1,100,952	6,816,464	3,531,944	1,641,867	39,504,488
2017	16,150,617	11,069,263	1,000,308	6,773,169	3,543,908	1,720,751	40,258,016
2018	16,965,156	10,670,332	982,756	6,856,067	3,320,953	1,710,806	40,506,070

Source: City of Arcadia Financial Reports

City of Arcadia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Recreational Property	Industrial Property	Others	Total Taxable Assessed Value	Percent Increase	Total Direct Rate
2009	7,894,207,490	1,047,552,317	190,189,595	175,916,383	362,362,106	9,670,227,891	6.2%	0.13861%
2010	8,119,135,094	1,098,758,395	193,993,380	185,389,363	289,762,734	9,887,038,966	2.2%	0.13933%
2011	8,385,923,392	1,154,290,186	193,533,608	184,933,074	402,865,289	10,321,545,549	4.4%	0.13798%
2012	8,667,971,752	1,217,932,398	194,107,146	186,684,883	343,635,441	10,610,331,620	2.8%	0.13688%
2013	9,119,940,977	1,235,622,033	197,989,278	188,696,515	365,386,188	11,107,634,991	4.7%	0.13360%
2014	9,784,166,701	1,283,395,020	207,049,008	191,408,716	366,192,396	11,832,211,841	6.5%	0.10249%
2015	10,562,151,620	1,306,789,917	312,687,185	191,721,395	435,327,830	12,808,677,947	8.3%	0.10249%
2016	11,422,747,681	1,398,109,370	308,101,469	203,248,894	606,384,854	13,938,592,268	8.8%	0.10110%
2017	12,199,219,454	1,432,309,677	312,799,943	206,523,314	522,677,256	14,673,529,644	5.3%	0.10131%
2018	12,959,501,963	1,524,210,934	315,605,776	237,411,247	639,741,642	15,676,471,562	6.8%	0.10064%

Note: Exempt values are not included in total

Source: HdL Coren & Cone, Los Angeles County Assessor Combined Tax Rolls

City of Arcadia
Direct and Overlapping Property Tax Rates (Rate Per \$100 of Taxable Value)
Last Ten Fiscal Years

<u>Year</u>	<u>City's Share of 1% Levy Per Prop 13</u>	<u>Redevelopment Rate</u>	<u>Total Direct Rate *</u>
2009	0.09602	1.03296	0.13861
2010	0.09602	1.04707	0.13933
2011	0.09602	1.00370	0.13798
2012	0.09602	1.00370	0.13688
2013	0.09602	N/A	0.13360
2014	0.09602	N/A	0.10249
2015	0.09602	N/A	0.10249
2016	0.09602	N/A	0.10110
2017	0.09602	N/A	0.10131
2018	0.09602	N/A	0.10064

Source: HDL Coren & Cone and Los Angeles County Assessor

* Total Direct Rate is the weighted average of all individual direct rates applied to the City, and excludes revenue derived from aircraft.

City of Arcadia
Direct and Overlapping Property Tax Rates (Rate Per \$100 of Taxable Value) (Continued)
Last Ten Fiscal Years

City Direct and Overlapping Rates %							
Year	Basic Levy	General Obligation Debt Service	Lighting District	School Districts	Community College	Water Districts	Tax Rate %
2009	1.0000	0.005490	0.02866	0.38165	0.06503	0.02230	1.50311
2010	1.0000	0.005300	0.04277	0.51389	0.07411	0.02230	1.65838
2011	1.0000	0.005000	0.00000	0.50697	0.07941	0.02170	1.61308
2012	1.0000	0.004990	0.00000	0.54958	0.07821	0.02170	1.65448
2013	1.0000	0.009590	0.00000	0.55242	0.07457	0.02150	1.65808
2014	1.0000	0.008380	0.00000	0.60099	0.07017	0.02150	1.70104
2015	1.0000	0.008221	0.00000	0.57233	0.06180	0.02150	1.66385
2016	1.0000	0.006681	0.00000	0.60790	0.05225	0.01800	1.68483
2017	1.0000	0.006817	0.00000	0.60344	0.06099	0.02300	1.69425
2018	1.0000	0.006170	0.00000	0.59725	0.05796	0.03000	1.69138

Note: Overlapping rates are those of local and county governments that apply to an average taxpayer within the City.

Source: HDL Coren & Cone and Los Angeles County Assessor

City of Arcadia
Principal Property Tax Owners
Last Fiscal Year & Nine Years Prior

2017/18				
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Est. Total * Tax Revenue</u>	<u>Rank</u>	<u>Percentage of Total City Property Tax Revenue</u>
Santa Anita Borrower LLC	\$ 399,802,191	\$ 402,361	1	2.55%
Santa Anita Land Holdings LLC	315,309,668	317,328	2	2.01%
Baldwin Arcadia Center LP	80,916,281	81,434	3	0.52%
JLJ USA Investments LLC	43,183,111	43,459	4	0.28%
BRE Select Hotels Properties LLC	40,407,891	40,667	5	0.26%
VG Property Investments LLC	34,706,636	34,929	6	0.22%
BRE Newton Hotels Property Owner LLC	34,276,492	34,496	7	0.22%
Safeway INC	31,249,846	31,450	8	0.20%
LA Turf Club INC	31,097,110	31,296	9	0.20%
Yellow Iron Investments LLC	30,859,539	31,057	10	0.20%
Total	<u>\$ 1,041,808,765</u>	<u>\$ 1,048,476</u>		<u>6.66%</u>
2008/09				
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Est. Total * Tax Revenue</u>	<u>Rank</u>	<u>Percentage of Total City Property Tax Revenue</u>
Santa Anita Fashion Park LLC	\$ 296,343,435	410,762	1	3.06%
234567 Developments Inc.	168,064,893	232,955	2	1.74%
Arcadia Hub Shopping Center LP	27,703,648	38,400	3	0.29%
Arcadia Hotel Venture LP	26,130,153	36,219	4	0.27%
Vista Cove at Arcadia INC	25,171,245	34,890	5	0.26%
Windrose Santa Anita Properties LLC	23,256,000	32,235	6	0.24%
720 West Camino Real LLC	21,500,000	29,801	7	0.22%
Apple Six Hospitality INC	21,484,469	29,780	8	0.22%
Arcadia Gateway Centre Assoc. LTD	18,402,209	25,507	9	0.19%
Pecos Properties	18,224,600	25,261	10	0.19%
Total	<u>\$ 646,280,652</u>	<u>\$ 895,810</u>		<u>6.68%</u>

Source: HdL Coren & Cone, Los Angeles County Assessor Combined Tax Rolls

* Estimated Total Tax Revenue is a calculation of the total City share of direct rate times Assessed Value

City of Arcadia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year **	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy *
2009	895,266	866,299	96.76%	29,356	895,655	100.04%
2010	922,066	830,138	90.03%	88,629	918,768	99.64%
2011	924,282	903,326	97.73%	20,155	923,481	99.91%
2012	958,156	930,566	97.12%	36,079	966,645	100.89%
2013	1,047,162	1,068,505	102.04%	16,319	1,084,824	103.60%
2014	976,606	1,022,387	104.69%	30,025	1,052,412	107.76%
2015	1,036,042	1,103,805	106.54%	6,900	1,110,705	107.21%
2016	916,767	957,245	104.42%	22,813	980,058	102.38%
2017	986,300	1,020,512	103.47%	25,356	1,045,868	102.48%
2018	967,300	964,452	99.71%	32,920	997,372	103.41%

Source: Administrative Services Department, City of Arcadia

* Percentage of Levy greater than 100% is attributable to the property value increase during the fiscal year as a result of property sales, new constructions and additional home improvements.

** Collections in subsequent years include the property taxes received in July and August after the end of the respective tax years.

City of Arcadia
Taxable Sales by Category
Last Ten Calendar Years

(in thousands of dollars)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Apparel Stores	\$ 115,976	\$ 111,849	\$ 116,224	\$ 121,584	\$ 132,692	\$ 142,678	\$ 143,980	\$ 141,247	\$ 150,685	\$ 149,242
General Merchandise	154,853	149,245	149,410	154,167	152,615	154,142	152,945	157,276	154,455	156,774
Food Stores	34,763	32,159	30,727	30,684	33,072	32,855	32,779	31,966	31,604	27,930
Eating and Drinking Places	133,730	126,899	129,170	136,399	144,408	154,701	167,979	178,157	189,247	207,916
Building Materials	7,988	6,826	5,606	6,927	6,323	6,612	8,159	7,128	7,682	6,781
Auto Dealers and Supplies	84,831	78,997	79,097	78,770	79,101	91,143	104,326	101,339	114,938	119,339
Service Stations	79,035	60,684	67,103	85,881	93,139	92,255	90,960	76,791	63,354	65,685
Other Retail Stores	121,702	109,801	112,330	120,149	120,629	127,552	140,594	144,826	144,084	144,614
All Other Outlets	192,962	162,607	157,631	171,267	179,537	201,311	224,276	222,963	241,203	246,569
Total	<u>\$ 925,840</u>	<u>\$ 839,067</u>	<u>\$ 847,298</u>	<u>\$ 905,828</u>	<u>\$ 941,516</u>	<u>\$1,003,249</u>	<u>\$1,065,998</u>	<u>\$1,061,693</u>	<u>#####</u>	<u>\$ 1,124,850</u>

Note: categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Source: State of California Board of Equalization and HdL Coren & Cone.

CITY OF ARCADIA
TOP 25 SALES TAX PRODUCERS
Last Fiscal Year & Nine Years Prior

2017/18

<u>Business Name</u>	<u>Business Category</u>
Allstar Fire Equipment	Light Industrial/Printers
Arco AM PM	Service Stations
Arco	Service Stations
Burlington Coat Factory	Family Apparel
Cheesecake Factory	Casual Dining
Chevron	Service Stations
CVS Pharmacy	Drug Stores
Daimler Trust	Auto Lease
Dave & Busters	Casual Dining
Din Tai Fung Restaurant	Casual Dining
Foot Locker	Shoe Stores
Forever XXI	Women's Apparel
H&M	Family Apparel
JC Penney	Department Stores
Los Angeles Turf Club	Leisure/Entertainment
Macys	Department Stores
Mobil	Service Stations
Nordstrom	Department Stores
Ralphs	Grocery Stores Liquor
REI	Sporting Goods/Bike Stores
Rusnak Arcadia	New Motor Vehicle Dealers
Sephora	Specialty Stores
Victoria's Secret	Women's Apparel
Vons	Grocery Stores Liquor
Zara USA	Family Apparel

Percent of Fiscal Year Total Paid By Top 25 Accounts

47.5%

Period: April 2017 Thru March 2018
Source: State Board of Equalization

CITY OF ARCADIA
TOP 25 SALES TAX PRODUCERS
Last Fiscal Year & Nine Years Prior

2008/09

<u>Business Name</u>	<u>Business Category</u>
Allstar Fire Equipment	Light Industrial/Printers
Arco AM PM	Service Stations
Arco	Service Stations
Borders Books & Music	Stationery/Book Stores
Burlington Coat Factory	Family Apparel
Cheesecake Factory	Casual Dining
CVS Pharmacy	Drug Stores
Daimler Chrysler Finance	Auto Lease
Daimler Financial Services	Auto Lease
Dave & Busters	Casual Dining
H&M	Family Apparel
JC Penney	Department Stores
Los Angeles Turf Club	Leisure/Entertainment
Macys	Department Stores
Mobil	Service Stations
Nordstrom	Department Stores
Olive Garden	Casual Dining
Ralphs	Grocery Stores Liquor
REI	Sporting Goods/Bike Stores
Rusnak Arcadia	New Motor Vehicle Dealers
Sport Chalet	Sporting Goods/Bike Stores
Victoria's Secret	Women's Apparel
Vons	Grocery Stores
Western Medical Supply	Medical/Biotech
World Oil	Service Stations

Percent of Fiscal Year Total Paid By Top 25 Accounts 52.3%

Period: April 2008 Thru March 2009

Source: State Board of Equalization

City of Arcadia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year	Governmental Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds			Redevelopment Bonds *					
	2001	2011	2012	Tax Allocation Bond 2001A	Tax Allocation Bond 2001B	Tax Allocation Bond 2010			
2009	7,070,000			8,290,000	7,570,000		22,930,000	1.155%	409
2010	6,900,000			7,795,000	7,320,000		22,015,000	1.131%	391
2011	6,725,000	8,448,827		7,280,000	-	19,426,839	41,880,666	1.983%	738
2012	6,540,000	8,426,562		-	-	-	14,966,562	0.708%	265
2013	-	8,189,297	6,486,182	-	-	-	14,675,479	0.680%	258
2014	-	7,887,032	6,281,837	-	-	-	14,168,869	0.648%	246
2015	-	7,579,767	6,022,492	-	-	-	13,602,259	0.612%	236
2016	-	7,262,502	5,743,147	-	-	-	13,005,649	0.589%	228
2017	-	6,935,237	5,463,802	-	-	-	12,399,039	0.556%	216
2018	-	6,592,972	5,174,457	-	-	-	11,767,429	0.509%	204

Note: * Arcadia Redevelopment Agency together with all other Redevelopment Agencies in California were eliminated on February 1, 2012.

City of Arcadia
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Governmental Activities			
Year	General Obligation Bonds	Percentage of Personal Income	Per Capita
2009	7,070,000	0.356%	126
2010	6,900,000	0.354%	122
2011	15,173,827	0.718%	268
2012	14,966,562	0.708%	265
2013	14,675,479	0.680%	258
2014	14,168,869	0.648%	246
2015	13,602,259	0.612%	236
2016	13,005,649	0.589%	228
2017	12,399,039	0.556%	216
2018	11,767,429	0.509%	204

Note: Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

City of Arcadia
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Taxable Value	\$ 15,676,471,562
Debt Limit (15% of assessed value)	2,351,470,734
Debt Applicable to limit:	
Total Bonds Payable	<u>11,767,429</u>
Legal Debt Margin	<u><u>\$ 2,339,703,305</u></u>
Percent of Charter Debt Limit	0.50%

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 1,450,534,184	\$ 1,461,040,845	\$ 1,548,231,832	\$ 1,591,549,743	\$ 1,666,145,249
Total net debt applicable to limit	<u>22,930,000</u>	<u>22,015,000</u>	<u>41,880,666</u>	<u>14,966,562</u>	<u>14,675,479</u>
Legal debt margin	1,427,604,184	1,439,025,845	1,506,351,166	1,576,583,181	1,651,469,770
Total debt applicable to the limit	1.58%	1.51%	2.71%	0.94%	0.88%

Source: Los Angeles County Assessor's office, City of Arcadia financial reports

Notes: Under State Finance Law, the City's outstanding general obligation debt shall not exceed 15 percent of total assessed property value.
The general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation debt.

City of Arcadia
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

	2014	2015	2016	2017
Debt Limit	\$ 1,774,831,776	\$ 1,921,301,692	\$ 2,090,788,840	\$ 2,201,029,447
Total net debt applicable to limit	14,168,869	13,602,259	13,005,649	12,399,039
Legal debt margin	1,760,662,907	1,907,699,433	2,077,783,191	2,188,630,408
Total debt applicable to the limit	0.80%	0.71%	0.62%	0.56%

Source: Los Angeles County Assessor's office, City of Arcadia financial reports

Under State Finance Law, the City's outstanding general obligation debt shall not exceed 15 percent of total assessed

Notes: property value. The general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation debt.

City of Arcadia
Direct and Overlapping Debt
Last Fiscal Year & Nine Years Prior

2017/18

	Gross Bonded Debt Balance	% Applicable	Net Bonded Debt
<u>Direct Debt</u>			
Arcadia General Obligation Bond 2011	\$ 6,592,972	100.000%	\$ 6,592,972
Arcadia General Obligation Bond 2012	5,174,457	100.000%	\$ 5,174,457
Total Direct Debit	11,767,429		\$ 11,767,429
<u>Overlapping Debt</u>			
Metropolitan Water District Area Upper San Gabriel Valley Area *	29,354,442	1.313%	\$ 385,326
El Monte City School District 2004 Series B	1,209,988	3.942%	\$ 47,702
El Monte City School District 2004 Series D	1,425,000	3.942%	\$ 56,178
El Monte City School District 2008 Series A-1	5,998,159	3.942%	\$ 236,467
El Monte City School District 2015	53,615,000	3.942%	\$ 2,113,675
El Monte City School District 2012 Refunding	8,891,434	3.942%	\$ 350,529
El Monte City School District 2014 Series A	10,755,000	3.942%	\$ 423,997
El Monte City School District 2014 Series B	9,605,000	3.942%	\$ 378,660
El Monte City School District 2017 REF Bond Series A	22,350,000	3.942%	\$ 881,109
El Monte Union High School District 2008 Series A	617,055	2.061%	\$ 12,720
El Monte Union High School District 2008 Series B	30,118,828	2.061%	\$ 620,861
El Monte Union High School District 2015 REF	26,125,000	2.061%	\$ 538,533
El Monte Union High School District 2016 REF	17,110,000	2.061%	\$ 352,700
El Monte Union High School District 2008 Series C	52,990,000	2.061%	\$ 1,092,320
El Monte Union High School District 2016 Refunding Bonds	10,895,098	2.061%	\$ 224,588
Citrus CCD 2004 2009 Series C	4,695,302	0.189%	\$ 8,897
Citrus CCD Refunding Bond Series 2013	10,910,000	0.189%	\$ 20,673
Citrus CCD Series 2004 2014D	18,918,096	0.189%	\$ 35,847
Citrus CCD Refunding Bonds 2004 2015 Series E	9,805,000	0.189%	\$ 18,579
Citrus CCD Refunding Bonds 2015 Series A	48,185,000	0.189%	\$ 91,304
Pasadena Community College 2002, 2006 Series D	3,595,000	18.327%	\$ 658,867
Pasadena Community College 2002, 2009 Series E (BABS)	25,295,000	18.327%	\$ 4,635,898
Pasadena Community College 2014 Refunding Series A	15,325,000	18.327%	\$ 2,808,663
Pasadena Community College 2016 Refunding Series A	32,900,000	18.327%	\$ 6,029,691
Rio Hondo Community College District 2005 Refunding Bonds	31,650,000	0.542%	\$ 171,641
Rio Hondo Community College District 2004 Series 2008	116,557,824	0.542%	\$ 632,105
Arcadia Unified School District 1993 Series A	791,782	96.539%	\$ 764,379
Arcadia Unified School District 1993 Series C	441,778	96.539%	\$ 426,488
Arcadia Unified School District 2006 Series A	218,215,000	96.539%	\$ 210,662,680
Monrovia Unified School District 1997 Series A	10,155,057	0.867%	\$ 87,996
Monrovia Unified School District 2005 Refunding Bonds	12,900,000	0.867%	\$ 111,781
Monrovia Unified School District 2006 Series B	4,316,665	0.867%	\$ 37,405
Monrovia Unified School District 2006 Series C-1 BABS	11,166,250	0.867%	\$ 96,758
Pasadena Unified School District 2015 Refunding Bonds	23,885,000	0.867%	\$ 206,968
Pasadena Unified School District 2008 Series 2009	5,370,000	0.014%	\$ 775
Pasadena Unified School District 2008 Series 2012	103,645,000	0.014%	\$ 14,967
Pasadena Unified School District 2014 Refunding Bonds Series A	49,410,000	0.014%	\$ 7,135
Pasadena Unified School District 2014 Refunding Bonds Series B	98,380,000	0.014%	\$ 14,206
Pasadena Unified School District 2008 Series 2016	10,675,000	0.014%	\$ 1,541
Pasadena Unified School District 2016 Refunding Bonds Series A	78,470,000	0.014%	\$ 11,331
Temple City Unified School District 1998 Series A	545,339	8.357%	\$ 45,574
Temple City Unified School District 1998 Series B	4,377,680	8.357%	\$ 365,841
Temple City Unified School District 2005 Refunding Bonds	8,740,000	8.357%	\$ 730,398
Temple City Unified School District 2012 Series A	21,915,863	8.357%	\$ 1,831,499
Temple City Unified School District 2012 Series B	33,457,588	8.357%	\$ 2,796,036
Temple City Unified School District 2017 Refunding Bond	19,720,000	8.357%	\$ 1,647,992
Total Overlapping Debt			\$ 242,689,280
TOTAL Direct and Overlapping Debt			\$ 254,456,709

City of Arcadia
Direct and Overlapping Debt (Continued)
Last Fiscal Year & Nine Years Prior

2017/18

2017/18 Assessed Valuation : \$15,044,198,493 after deducting \$632,273,069 of Increment Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.070%
	Overlapping Debt	1.610%
	Total Debt	1.680%

Note:

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: HdL Coren & Cone, Los Angeles County Assessor Combined Tax Rolls

City of Arcadia
Direct and Overlapping Debt (Continued)
Last Fiscal Year & Nine Years Prior

2008/09

<u>Direct Debt</u>	<u>Gross Bonded Debt Balance</u>	<u>% Applicable</u>	<u>Net Bonded Debt</u>
Arcadia GO Bond Police Facility Debt Service	\$ 22,930,000	100.000%	\$ 22,930,000
Total Direct Debit	22,930,000		22,930,000
<u>Overlapping Debt</u>			
Metropolitan Water District	137,096,151	1.072%	1,470,137
El Monte City School District 1999 Series A	2,150,000	3.702%	79,587
El Monte City School District 1999 Series B	1,195,000	3.702%	44,235
El Monte City School District 1999 Series C	2,030,000	3.702%	75,144
El Monte City School District 2004 Refunding Bonds	5,935,000	3.702%	219,696
El Monte Union School District 1999 Series D	15,610,000	3.702%	577,835
El Monte City School District 2005 Refunding Bonds	20,735,282	3.702%	767,558
El Monte City School District 2004 Series B	20,698,136	3.702%	766,183
El Monte Union High School District 2002 Series A	4,475,000	1.956%	87,550
El Monte Union High School District 2002 Series B	6,580,000	1.956%	128,733
El Monte Union HSD DS 2006 Refunding Bonds	38,005,173	1.956%	743,546
El Monte Union HSD DS 2002 Series C	83,746,269	1.956%	1,638,441
Citrus CCD 2004 Series 2004A	16,170,000	0.154%	24,841
Citrus CCD 2004 Series 2007B	67,860,302	0.154%	104,251
Pasadena Area Community College District 2002 Series A	3,715,000	16.388%	608,831
Pasadena Area Community College District 2006 Series B	581,980,000	16.388%	95,377,480
Pasadena Area Community College District 2006 REF Series C	20,763,399	16.388%	3,402,798
Rio Hondo CCD Ser A 2004	9,940,000	0.474%	47,127
Rio Hondo CCD 2005 Refunding Bonds	46,482,244	0.474%	220,377
Rio Hondo CCD 2004 Series 2008	64,996,844	0.474%	308,157
Arcadia Unified School District 1993 Series A	7,499,002	96.345%	7,224,939
Arcadia Unified School District 1993 Series C	2,035,635	96.345%	1,961,239
Arcadia Unified School District Refunding 1993 2005 Series A	4,245,000	96.345%	4,089,859
Arcadia Unified School District 2006 Series A	160,190,423	96.345%	154,335,999
Monrovia Unified School District 1997 Series A	15,901,607	0.707%	112,488
Monrovia Unified School District 2005 Refunding Bonds	12,960,000	0.707%	91,679
Pasadena Unified School District 2006 Series A	31,991,665	0.707%	226,310
Pasadena Unified School District 2004 Refunding Bonds	69,460,000	0.019%	13,094
Pasadena Unified School District 2005 Refunding Bonds	120,175,000	0.019%	22,655
Temple City Unified School District 1998 Series A	8,174,750	8.918%	729,021
Temple City Unified School District 2005 Refunding BD	12,370,000	8.918%	1,103,152
Total Overlapping Debt			276,602,942
TOTAL Direct and Overlapping Debt			\$ 299,532,942

2008/09 Assessed Valuation : \$9,248,815,463 after deducting \$421,404,461 of Increment Value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.250%
	Overlapping Debt	2.990%
	Total Debt	3.240%

Note:

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: HdL Coren & Cone, Los Angeles County Assessor Combined Tax Rolls

City of Arcadia

Demographic and Economic Statistics

Last Ten Calendar Years

Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate
2008	56,079	1,984,831	35,393	4.20%
2009	56,337	1,946,383	34,549	6.70%
2010	56,719	2,111,932	37,235	7.30%
2011	56,546	2,115,216	37,407	7.10%
2012	56,866	2,156,700	37,926	5.30%
2013	57,500	2,185,058	38,001	4.30%
2014	57,526	2,221,309	38,614	4.80%
2015	57,050	2,208,838	38,717	3.90%
2016	57,374	2,228,856	38,847	3.00%
2017	57,704	2,310,918	40,047	3.40%

Source: US Bureau of Census, Employment Development Department

City of Arcadia
Principal Employers
Last Fiscal Year & Nine Years Prior

Employer	2018		
	Employees	Rank	Percentage of Total City Employment
Nordstrom Inc	420	1	2.62%
Macy's West	343	2	2.14%
J C Penney Corp, Inc # 1417-5	244	3	1.52%
Fedex Ground Package System, Inc. #910	216	4	1.35%
Healthcare Partners Affiliates Medical	206	5	1.29%
Dave & Buster's	181	6	1.13%
The Cheesecake Factory Restaurants, Inc	177	7	1.10%
Forever 21, Retail, Inc	141	8	0.88%
99 Ranch Market 7	139	9	0.87%
Din Tai Fung Santa Anita Restaurant	135	10	0.84%
Total	2202		13.74%

Employer	2008		
	Employees	Rank	Percentage of Total City Employment
Vons Companies Inc	449	1	3.21%
Nordstrom Inc	417	2	2.98%
Worley Parsons Group, Inc	368	3	2.63%
Macy's West	314	4	2.24%
J C Penney Corp, Inc # 1417-5	291	5	2.08%
Emergency Groups Office	248	6	1.77%
M W H Americas, Inc.	183	7	1.31%
Dave & Buster's	182	8	1.30%
Rusnak/Arcadia	179	9	1.28%
Vons 3208	166	10	1.19%
Total	2797		19.97%

Source: Business License Division, City of Arcadia

City of Arcadia
Full-time City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
City Manager	5	5	5	5	5	5	5	5	5	5
City Clerk	3	2	2	2	3	4	4	4	3	3
City Attorney	1	0	0	0	0	0	1	1	0	0
Administrative Services	15	16	16	16	16	16	16	16	16	16
Police	105	100	101	100	96	94	94	95	98	98
Fire	57	57	57	57	57	58	58	58	58	58
Public Works:										
Streets	24	25	24	24	25	25	25	25	27	27
Water & Sewer	33	33	33	33	33	33	33	34	34	34
Garage	5	5	5	5	4	4	4	4	4	4
Development:										
Community Development	19	18	19	20	20	21	23	25	23	23
Redevelopment	1	1	1	0	0	0	0	0	0	0
Engineering	5	5	5	5	5	5	5	5	5	5
Recreation	8	8	9	9	9	9	9	10	11	12
Library	20	20	19	19	19	19	19	19	19	19
Total	301	295	296	295	292	293	296	301	303	304

Source: Administrative Services Department, City of Arcadia

City of Arcadia
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Physical Arrests	1,918	2,151	2,094	2,076	2,053	2,404	2,103	2,098	1,828	1,704
Parking Violations	16,053	16,415	14,686	13,056	10,908	13,211	14,348	11,805	11,449	10,395
Moving & Non-Moving Violations	6,314	6,394	5,258	5,202	6,560	6,158	5,885	6,122	4,726	2,865
Fire:										
Emergency Responses	4,526	4,560	4,575	4,944	4,882	4,960	5,123	5,560	5,614	5,688
Fires Extinguished	159	142	116	146	74	126	111	123	114	147
Inspections	3,722	3,970	4,029	3,874	3,514	4,732	4,089	3,798	4,187	3,921
Public Works:										
Street Slurry Resurfacing (SF)	3,185,513	2,977,209	2,549,861	2,309,300	3,231,925	2,936,698	3,341,306	3,441,499	3,581,577	2,856,213
Sidewalk Repaired (SF)	4,621	3,279	17,081	18,859	12,475	11,435	11,300	28,475	7,491	750
Curb & Gutter Repaired (LF)	2,110	3,791	2,205	1,273	1,662	6,067	1,793	15,815	3,595	4,771
Street Lights Repaired	244	238	130	290	240	116	106	340	83	213
Street AC Resurfacing (SF)	-	-	-	-	-	-	-	347,550	328,716	344,640
PCC Driveway Approaches (SF)									856	1,043
PCC Cross Gutter/Spandrel									4,259	9,308
PCC ADA Ramps									31	16
Economic Development:										
Street Resurfacing (SF)	384,000	432,000	412,000	163,520	170,331	269,450	44,000	335,500	157,200	292,100
Building Permits	1,165	1,251	1,254	1,096	1,419	1,548	1,615	1,724	1,551	1,433
Planning Cases Submitted and Processed	412	410	414	466	543	680	655	538	474	515
Parks and Community Services:										
(Number of Participation)										
Youth Programs	44,990	66,766	51,032	53,511	50,122	45,010	50,800	58,463	69,796	77,470
Swim Program	10,203	17,818	8,918	31,963	11,577	7,915	N/A	N/A	N/A	N/A
Senior Citizen Programs	86,620	83,620	84,898	87,943	90,422	86,099	82,671	79,371	77,523	88,581
Contract Classes/Adult Programs	144,529	181,562	205,692	122,669	123,527	130,189	138,032	97,475	89,601	44,337
Community Center Rental Usages	20,434	19,665	18,457	17,496	15,765	12,730	12,391	10,561	10,038	12,250
Special Events	12,950	12,250	13,400	11,165	8,900	8,553	19,576	14,563	16,476	20,847
Dana Gym		4,100	58,200	9,846	18,496	19,563	20,168	13,295	28,869	31,959
Wilderness Park Classes & Rentals			5,958	5,670	5,959	5,729	5,871	5,488	5,011	12,936
Library:										
Books and other items total	191,139	196,905	203,460	206,020	204,642	205,658	205,107	200,980	259,000	208,109
Total Circulation	728,311	725,397	728,878	775,481	789,354	792,333	685,362	719,432	695,250	869,472
Water:										
Number of Water Accounts	13,990	13,665	13,728	14,011	14,021	13,651	13,942	13,659	14,114	13,688
Total Water Served to Direct Customer (AF)	16,703	14,261	13,500	14,988	15,495	15,704	15,325	11,089	11,801	14,416
Sewer:										
Sewer Cleaning (Miles)	155	246	142	187	227	226	227	224	168	150
Transit Services/Dial-A-Ride:										
Total Route Miles (round-trip)	268,743	272,719	258,992	263,844	292,742	296,004	251,420	243,873	295,991	280,941
Passengers	109,149	117,288	110,364	109,613	126,044	130,134	112,398	108,005	67,228	79,624

Source: Various City Departments

City of Arcadia
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2009	2010	2011	2012	Fiscal Year 2013	2014	2015	2016	2017	2018
<u>Function/Program</u>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	18	18	20	20	22	23	23	23	23	23
Motor Units	4	4	2	2	-	-	-	-	-	0
Fire Stations	3	3	3	3	3	3	3	3	3	3
Streets:										
Streets (miles)	148	148	148	148	148	148	148	148	148	148
Streetlights	1,628	1,628	1,628	1,640	1,640	1,642	1,642	1,642	1,642	1642
Traffic Signals	67	67	67	67	67	69	69	69	69	73
Parks and Community Services:										
Total Park Acreage	166	166	166	166	166	166	166	166	166	166
Playgrounds	8	8	8	8	8	8	8	8	8	8
Tennis Courts	19	19	19	19	19	19	19	19	19	19
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
Gymnasium			1	1	1	1	1	1	1	1
Water:										
Water Main (miles)	169	169	169	169	169	169	169	169	169	169
Fire Hydrants	1,420	1,427	1,506	1,529	1,530	1,534	1,539	1,542	1,542	1542
Storage Capacity (millions of gallons)	45	45	45	45	45	45	45	45	45	45
Wastewater:										
Sanitary Sewers (miles)	140	140	140	140	140	140	140	140	140	140
Storm Sewers (miles)	8	8	8	8	8	8	8	8	8	8
Library	1	1	1	1	1	1	1	1	1	1
Transit Services/Dial-A-Ride:										
Transit Buses	18	18	18	18	18	18	18	18	18	18

Note: Include only properties owned by the City

Source: Various City Departments

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